KANNALAND
MUNISIPALITEIT / MUNICIPALITY



DRAFT ANNUAL REPORT 2018/19

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Table of Contents

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY 9

COMPONENT A: FOREWORD OF THE EXECUTIVE MAYOR 9

COMPONENT B: EXECUTIVE SUMMARY 10

1.1. MUNICIPAL MANAGER'S OVERVIEW 10

COMPONENT A: FOREWORD OF THE EXECUTIVE MAYOR 10

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW 11

1.3. SERVICE DELIVERY OVERVIEW 20

1.4. FINANCIAL OVERVIEW 25

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW 28

1.6. AUDITOR GENERAL REPORT (ANNEXURE: ORIGINAL DOCUMENT) 30

CHAPTER 2 – GOVERNANCE 34

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE 34

2.1 POLITICAL GOVERNANCE 34

2.2 ADMINISTRATIVE GOVERNANCE 43

COMPONENT B: INTERGOVERNMENTAL RELATIONS 43

2.3 INTERGOVERNMENTAL RELATIONS 43

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION 45

2.4 PUBLIC MEETINGS 45

2.5 IDP PARTICIPATION AND ALIGNMENT 51

COMPONENT D: CORPORATE GOVERNANCE 51

2.6 ENTERPRISE RISK MANAGEMENT 51

2.7 ANTI-CORRUPTION AND FRAUD 57

2.8 SUPPLY CHAIN MANAGEMENT 57

2.9 BY-LAWS 57

2.10 WEBSITE AND ICT 58

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES 59

CHAPTER 3 – BASIC SERVICE DELIVERY PERFORMANCE INFORMATION 60

PDO 1: To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens 62

PDO 2: To provide adequate Services and improve our Public relations 73

PDO 4: To facilitate economic growth and social and community development 77

PDO 5: To promote efficient and effective Governance with high levels of stakeholder participation 80

PDO 6: To provide an efficient workforce by aligning our institutional arrangements to our overall strategy 86

PDO 7: To strive towards a financially sustainable municipality 89

COMPONENT A: BASIC SERVICES: 96

3.1 WATER PROVISION 96

3.2 WASTE WATER (SANITATION) PROVISION 100

3.3 ELECTRICITY 103

3.4 WASTE MANAGEMENT 106

3.5 HOUSING 116

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT 120

COMPONENT B: ROAD TRANSPORT 121

3.1 ROADS 121

3.2 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION) 122

3.3 WASTE WATER (STORM WATER DRAINAGE) 122

COMPONENT C: PLANNING AND DEVELOPMENT 123

3.4 PLANNING 123

3.5 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES) 124

COMPONENT D: COMMUNITY & SOCIAL SERVICES 127

3.6 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) 127
3.7 CEMETERIES 132
COMPONENT F: SAFETY AND SECURITY 137
3.8 TRAFFIC SERVICES 137
3.9 FIRE SERVICES 139
3.10 DISASTER MANAGEMENT 140
COMPONENT G: SPORT AND RECREATION 141
3.11 SPORT AND RECREATION 141
3.12 PROJECT MANAGEMENT UNIT 142
COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES 152
3.13 EXECUTIVE AND COUNCIL 152
3.14 FINANCIAL SERVICES 153
3.15 HUMAN RESOURCE SERVICES 154
CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE 156
COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL 157
4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES 157
COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE 159
4.2 POLICIES 160
4.3 INJURIES, SICKNESS AND SUSPENSIONS 162
4.4 PERFORMANCE REWARDS 164
COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE 164
4.5 SKILLS DEVELOPMENT AND TRAINING 165
COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE 167
4.6 EMPLOYEE EXPENDITURE 167
CHAPTER 5 – FINANCIAL PERFORMANCE 169
COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE 169

5.1 FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES 175
5.2 GRANTS 176
5.3 ASSET MANAGEMENT 178
COMPONENT B: SPENDING AGAINST CAPITAL BUDGET 179
5.6 CAPITAL EXPENDITURE OF THE 5 LARGEST PROJECTS 179
5.7 CAPITAL EXPENDITURE OTHER FUNDING SOURCES 180
COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS 180
5.9 CASH FLOW 180
5.10 BORROWING AND INVESTMENTS 182
5.11 PUBLIC PRIVATE PARTNERSHIPS 182
COMPONENT D: OTHER FINANCIAL MATTERS 183
5.12 GRAP COMPLIANCE 183
CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS 184
COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2018/19 184
6.1 AUDITOR GENERAL REPORTS 184
GLOSSARY 186
APPENDICES 189
APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE 189
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES 190
APPENDIX C – FUNCTIONS OF MUNICIPALITY / ENTITY 190
APPENDIX D – WARD REPORTING 193
APPENDIX E – DISCLOSURES OF FINANCIAL INTERESTS 194
APPENDIX H (I): REVENUE COLLECTION PERFORMANCE BY VOTE 195
APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE 196
VOLUME II: ANNUAL FINANCIAL STATEMENTS 199

Table 1: Functions per department....14
Table 2: Kannaland industries and activities....16
Table 3: Population of Kannaland – Source: Local Government Socio Economic Profile, 2018....17
Table 4: Data Source - SA9: Mero 2017, Community Survey 2016 and Samras....18
Table 5: Socio Economic Status Source: Mero 2017....19
Table 6: Natural Resources....20
Table 7: Highlights during the 2018/19 financial year....22
Table 8: Challenges during the 2018/19 financial year....24
Table 9: Proportion of Households to basic services as per municipal statistics (Source: SAMRAS)....24
Table 10: Provision of free basic services per month per household - Eskom **Error! Bookmark not defined.**
Table 11: Provision of free basic services per month per household – Water **Error! Bookmark not defined.**
Table 12: Provision of free basic services per household - Sanitation.... **Error! Bookmark not defined.**
Table 13: Provision of free basic services per month per household - Refuse Removal**Error! Bookmark not defined.**
Table 14: Challenges regarding financial management....26
Table 15: Financial Overview – Source: AFS vs Municipal budget....27
Table 16: Capital Expenditure - Source: AFS vs Municipal budget....27
Table 17: 1.5.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT....29
Table 18: Statutory Reporting Timeframes – Circular 63 (September 2012)....33
Table 19: Mayoral Committee....35
Table 20: Councillors....36
Table 21: Councillors, Committees Allocated and Council Attendance....37
Table 22: Municipal Public Accounts Committee (MPAC)....40
Table 23: Disciplinary Board....40
Table 24: Audit and Performance Audit Committee....42
Table 25: Risk Committee members....42
Table 26: Inter-Governmental Structures (IGR) attended....44
Table 27: Ward 1 – Ward Committee....47
Table 28: WARD 2 – WARD COMMITTEE....48
Table 29: WARD 3 – WARD COMMITTEE....48
Table 30: WARD 4 – WARD COMMITTEE....49
Table 31: Public engagements During the 2018/19 financial Year....50

Table 32: IDP Participation and Alignment Criteria Section 26 Municipal Systems Act, 2000 51
Table 33: Highlights and Challenges of ICT Services 58
Table 34: Section 75 Checklist of the MFMA 59
Table 35: PDO 1: To Provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizen's 72
Table 36: PDO 2: To Provide adequate Services and improve our Public relations 76
Table 37: PDO 4: To Facilitate Economic Growth and Social and Community development 79
Table 38: PDO 5: To promote efficient and effective Governance with high levels of stakeholder participation 85
Table 39: PDO 6: To Provide an efficient workforce by aligning our institutional arrangements to our overall strategy 88
Table 40: PDO 7: To Strive towards a financially sustainable municipality 95
Table 41: Water Service Delivery Levels – Source: Samras (municipal statistics) 96
Table 42: Total use of water by sectors – Source: Samras (municipal statistics) 98
Table 43: Financial Performance of water services - 2018/19 - Source: Samras (municipal statistics) 99
Table 44: Capital Expenditure of water services – 2018/19 - Source: Samras (municipal statistics) 100
Table 45: Water Service Policy Objectives Taken from the IDP - 2017/18 and 2018/19 - Source: Samras (municipal statistics) 100
Table 46 - Sanitation Service Delivery Levels 2017-2018 and 2018/19- Source: Samras (municipal statistics) 101
Table 47: Financial Performance of Sanitaion Services - 2018/19- Source: Samras (municipal statistics) 102
Table 48: Sanitation Service Policy Objectives Taken From IDP 102
Table 49 - Electricity Service Delivery Levels 2017-2018 and 2018/19- Source: Samras (municipal statistics) 104
Table 50: Financial Performance Per Electricity Services - Source: Samras (municipal statistics) 105
Table 51: Capital Expenditure per Electricity Services 2018/19 - Source: Samras (municipal statistics) 105
Table 52: Electricity service policy objectives taken from the IDP – 2017/18 and 2018/19 106
Table 53: Financial Performance of solid waste management services 115
Table 54: Waste service policy objectives taken from the idp 116
TABLE 55: HOUSING PIPELINE AND PRE-FEASIBILITY REPORT – DE KOCK ASSOCIATES – INCLUDING MUNICIPAL DATABASE INFORMATION AS AT 30 JUNE 2018. 118
TABLE 56: HOUSING PIPELINE AND PRE-FEASIBILITY REPORT – DE KOCK ASSOCIATES – INCLUDING MUNICIPAL DATABASE INFORMATION AS AT 30 JUNE 2018. 119
Table 57: Financial Performances of housing services - Source: Samras (municipal statistics) 119
Table 58: Housing objectives taken form the idp 120

Table 59: Free basic services to low income households - Source: Samras (municipal statistics) 121
Table 60: JOBS CREATED THROUGH EPWP 127
Table 61: Financial Performance 2018/19 Libraries; Archives; Museums; Galleries; Community Facilities; Other - Source: Samras (municipal statistics) 132
Table 62: Financial Performance 2018/19: The Executive and Council - 153
Table 63: Financial Performance 2018/19: Financial Services 154
Table 64: number of employees 157
Table 65: turnover rate 158
Table 66 - HR Policies and Plans 161
Table 67: Number and Cost of Injuries on Duty 162
Table 68: Number and Period of Suspensions 163
Table 69: Skills Matrix 165
Table 70: financial competency development: progress report 166
Table 71: number of employees WHO'S salaries were INCREASED DUE to their positions being upgraded 167
Table 72: Disclosures of Financial Interests 168
Table 73: Grant performance 177
Table 74: Auditor-General Report on Financial Performance 184
Table 75: Auditor-General Report on Service Delivery Performance: 2018/19 185
Table 76: Councillors, Committees Allocated and Council Attendance 189
Table 77: COMMITTEES AND COMMITTEE PURPOSES 190
Table 78: Municipal Functions 192
Table 79: Functionality of Ward Committees 193
Table 80: Disclosures of Financial Interests 194
Table 81: REVENUE COLLECTION PERFORMANCE BY VOTE 195
Table 82: Revenue Collection Performance By Source 196
Table 83: CAPITAL PROGRAMME 198

Figure 1: DATA SOURCE - SA9: MERO 2017, COMMUNITY SURVEY 2016 AND SAMRAS 18
Figure 2: Operating Expenditure: SOURCE: AFS VS MUNICIPAL BUDGET 27
Figure 3: location of the proposed swartberg dam 98
Figure 4: Landfill Sites – as indicated in SDF figure 3.4.7.1 107
Figure 5 December 2018 Holiday program Figure 6 Huis langenhoven weekly visits to the library 130
Figure 7 june 2019 Holiday program Figure 8 library orantation Sept 2018 131

Figure 9 Senior citizens visit ladismith library.....131

INTRODUCTION

ABOUT THE 2017/18 ANNUAL REPORT

This report offers an overview of the operations, financial, non-financial activities and the performance of Kannaland Municipality for the 2018/19 financial year. The annual report is prepared in terms of Section 127(3) and the process has been trailed as per section 127 (3) (a-c) stipulated in the Municipal Finance Management Act (MFMA).

Please note that the draft contains unaudited financial information, due to the audit still in process. The municipality wants to align the report as effectively as possible. This will be incorporated when the final document is produced.

The Annual Report comprises of six chapters with the following broad overview:

Chapter 1: An overview of the Municipality's social and demographic profile and key highlights regarding finance, performance and service delivery.

Chapter 2: Details about the governmental workings of the Municipality addressing the key aspects of good governance.

Chapter 3: Highlights the Municipality's performance for the year, focussing on the service delivery and the Pre-determined objectives of the Council.

Chapter 4: Provides insight into the Human Resources and organisational management areas of the Municipality, focussing on organisational structure and legislation.

Chapter 5: An overview of the Municipality's financial performance, reflecting on the Municipality's financial position, assets, cash flow and intergovernmental grants received by the Municipality. – Will be updated once the annual financial statements is in final stage to be incorporated in the annual report

Chapter 6: An overview of the audit key findings per the Auditor-General - Will be incorporated once the audit is concluded

Volume I: Annual Financial Statements

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: FOREWORD OF THE EXECUTIVE MAYOR

This foreword will be incorporated in the final Annual Report

MAGDALENA BARRY
EXECUTIVE MAYOR

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

COMPONENT A: FOREWORD OF THE EXECUTIVE MAYOR

This foreword will be incorporated in the final Annual Report

REYNOLD STEVENS
MUNICIPAL MANAGER

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

This report addresses the performance of the Kannaland Municipality in the Western Cape in respect of its core legislative obligations. Local government must create the participatory framework that defines and enhances the relationship between elected leaders and their communities. This requires that the council of the Municipality provide regular and predictable reporting on programme performance and the general state of affairs in the Municipality.

The 2018/19 Annual Report reflects on the performance of Kannaland Municipality for the period 1 July 2018 to 30 June 2019. The Annual Report is prepared in terms of Section 121(1) of the Municipal Finance Management Act (MFMA), which stipulates that the Municipality must prepare an Annual Report for each financial year.

The municipality is now currently in process of reviewing its corporate identity. More detail will be incorporated in the final annual report with comparisons of current and old versions of the logo.

Vision

The municipality committed itself to the following vision and mission:

The place of choice: - To create the ideal environment in which the people of Kannaland would like to live and work

The Municipality is legally compelled to create, within its means, the environment conducive to economic growth. The environment influences one's choices; the choice of a working place, residence and for investors, the place to invest and to contribute towards the economic growth of the community. It is up to the leaders of this Municipality to create that ideal environment that would not only make those already here, to want to remain here, but also to retain and draw the highly skilled individuals, investors and entrepreneurs who would contribute towards ensuring that Kannaland improves and becomes a most sought-after destination.

The Constitution of the Republic of South Africa, 1996 (the Constitution) stipulates the objects of local government in section 152 as:

a) *To provide democratic and accountable government for local communities,*
b) *To ensure the provision of services to communities in a sustainable manner;*
c) *To promote social and economic development;*
d) *To promote a safe and healthy environment; and*
e) *To encourage the involvement of communities and community organisations in the matters of local government.*

The Municipality strives to comply with the objects of local government and to attain the ideal environment, as elaborated upon in this document, by

- Caring for youth, women and disabled by reducing inequities;
- Eradication of poverty and creating an environment conducive to job creation;
- Eradication of fraud and corruption;
- Ensuring sound financial practices,
- Practising good governance;
- Promoting community involvement (including the business community) in local governance, economic growth, development of entrepreneurs and job creation;
- Practicing the Batho Pele principles of courtesy and respect;
- Promoting and developing tourism; and by
- Sustainably stimulating the local economy.

It is envisioned that the municipal vision will be achieved through:

- Encouraging self-reliance;
- Ensuring co-ordination and collaboration of various stakeholders in the delivering of development in a sustainable manner;
- Promoting a healthy and vibrant community with high moral standards;
- Unlocking the development potential of the area, particularly tourism and indigenous knowledge and mobilizing investment; and
- Ensuring everyone will be active in the economy and utilize technology to the advantage of the Municipality and attract and keep a highly skilled work force.

Kannaland Municipality is classified as a Category B Municipality (a local Municipality) located in the Garden Route District Municipality and is responsible for basic service provision to the towns of Ladysmith, Calitzdorp, Vanwyksdorp, Zoar and surrounding rural areas.

MUNICIPAL FUNCTIONS

The Municipality is structured in three directorates namely, Corporate Services (Administration and Community Services), Finance and Technical Services. The Technical Services department currently reports directly to the Municipal Manager as the position of Director: Technical Services has been vacant for the entire year under review and remains vacant as a cost-cutting measure.

The Municipality's administration comprises of the following departments and functions:

DEPARTMENT	FUNCTION (SECTION)
Municipal Manager	• Integrated development planning • Corporate strategy • Performance management • Communications • Inter-governmental relations • International relations • Local economic development and tourism • Spatial development planning • Internal Audit • Risk Management
Financial Services	• Revenue management • Expenditure management • Budget preparation and management • Preparation of financial statements • Information Communication and Technology (ICT) • Supply chain management • Asset management

Corporate and Community Services	**Community Services** • Libraries • Cemeteries • Sport, parks and recreation • Community development • Property Development • Solid waste management • Integrated Human Settlements (housing) • Land use management • Building Control and Town Planning • Heritage Management • Environmental Management • Public Safety and traffic services • Disaster management **Administration** • Human Resources • Committee Secretariat • Legal Services • Policy formulation • Records Management • Knowledge management • Integrated Transport
Technical Services	• Engineering Services • Roads and storm water • Waste water services (Sanitation) • Water services • Electrical services • Fleet Management • Mechanical workshops (pumps, implements and vehicles) • Project management: MIG,RBIG, ACIP and other infrastructure projects

TABLE 1: FUNCTIONS PER DEPARTMENT

DEMOGRAPHICAL OVERVIEW

Kannaland Municipality is situated in the Western Cape, 325 kilometres from Cape Town. The Municipality covers an area of 4,758 square kilometres in the Little Karoo, stretching from the Swartberg Mountain in the north to the Langeberg Mountain in the south, and from the Anysberg Mountain in the west to the Gamkaberg Mountain in the east.

The largest town and also the location of the municipal headquarters is Ladismith. Ladismith is situated at the foot of the picturesque Swartberg Mountains, as is Zoar and Calitzdorp to the east. Vanwyksdorp is further south in the valley of the Groot River.

Please note that the information remains the same as noted in the 2017/18 financial year Annual Report. Statistics remain a challenge and will be addressed in future. Too many sources are being used to calculate the statistics of Kannaland and varies in data. The data of Statistic South Africa 2011 is currently used in most cases.

Industries and activities in the various towns include:

TOWN	INDUSTRIES
Ladismith	Ladismith Cheese factory
	Parmalat Dairy factory
	Tourism: Hiking trails amongst the Swartberg ranges, Stanly's Liggie as well rock climbing to the well-known Towerkop peak.
	Southern Cape Vineyards (also exports wine)
	Scenic drives around the game reserves
	The town boasts a unique Ladismith architectural style which is a combination of Victorian, neo-gothic, Edwardian, Cape Dutch Revival and Regency.
	The economy of the town is mainly centered on the agricultural industry, which includes the production of fruit (grapes, apricots, and plums), milk, wine, flowers and mutton.
	Accommodation available in town as well as amongst picturesque winelands, abundant fruit farms and the magnificent Towerkop Mountain.

Calitzdorp	**Port wine capital of South Africa** **Wine exporting farms**
	Calitzdorp can also be explored through its hot springs, back packers facilities, hiking and biker trails as well camping sites with relaxing accommodation.
	The general architecture of the central village area of Calitzdorp is English-derived and its beauty is that of severe simplicity in the so-called Karoo style.
	Calitzdorp falls within The Cape Floral Kingdom region which has been called the world's hottest spot for plant diversity and endemism. The flora is so diverse and unique that it warrants classification as one the world's six principal floristic regions.
	The town is known for its art and craft assembles: ➢ Elnatan Food Stall and Solar Cookers ➢ Groenfontein Toy Project ➢ Hand Made Ceramic Tiles ➢ Homemade pickles and preserves ➢ Wemasi handmade dolls (doll project) ➢ Local art painters ➢ Art gallery ➢ Fruit production ➢ Wine production
Zoar	Started as a Lutheran missionary station Restored church building and historic grave yard and farm buildings Historic scenic drive through Amalienstein Hiking trails through the Seweweekspoort Homestays Tant Carolina Guesthouse Fruit production Jam production Indigenous Tourism Towing Services
Vanwyksdorp	Popular for its rural character Vanwyksdorp Development Institute (non-profit organization aimed at socio-economic upliftment of poor rural communities) Learning campus to acquire skills and incubate entrepreneurial activities Fruit production Olive production
Hoeko Valley	Birthplace of C J Langenhoven, famous South African writer (composer of the anthem “Die Stem”) Water monument Fruit production Hiking Trails Guesthouses

TABLE 2: KANNALAND INDUSTRIES AND ACTIVITIES

POPULATION PROFILE

The table and graph below indicates the population forecasting of Kannaland population

POPULATION FORECASTING	
YEAR	**KANNALAND POPULATION**
2018	23 897
2019	24530
2020	26014
2021	26014
2022	26789
2023	27647
2024	28466

TABLE 3: POPULATION OF KANNALAND – SOURCE: LOCAL GOVERNMENT SOCIO ECONOMIC PROFILE, 2018

According to the Department of Social Development's 2018 projections, Kannaland Municipality currently has a population of 23 897, rendering it the smallest municipal area by population within the Garden Route District. This total is estimated to increase to 28 466 by 2024 which equates to 3.0 per cent average annual growth over this period. The population growth within the Kannaland municipal area for the 2018 to 2024 period is higher than the Garden Route District's rate of 1.9 per cent during the same period.

HOUSEHOLDS

The table and graph indicates the number of households and indigents within the municipal area. The numbers of total number of households emanates from the community survey conducted in 2016 by statssa and MERO 2017 whilst the poor households were retrieved from the municipal financial system.
The struggle of comparison of statistics remain the main challenge as we are dependent of the stats from mero's and community surveys conducted by independent parties – statssa in partnership. The general census will be conducted in 2020/2021.

DATA SOURCED – SA 9		
Economic Indicator	**2016 Community Survey**	**2018/19 MERO 2017**
Number of households in municipal area	6333	7537
Number of poor households in municipal area	2059	2665

TABLE 4: DATA SOURCE - SA9: MERO 2017, COMMUNITY SURVEY 2016 AND SAMRAS

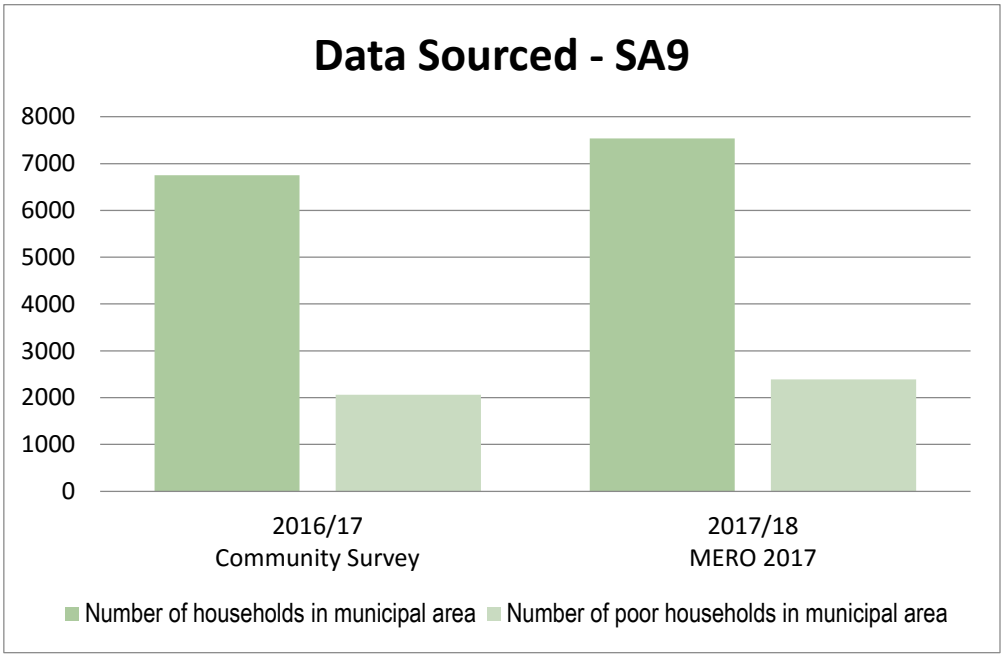


FIGURE 1: DATA SOURCE - SA9: MERO 2017, COMMUNITY SURVEY 2016 AND SAMRAS

SOCIO ECONOMIC STATUS

Socio Economic Status								
Year	Housing Backlog as proportion of current demand	Informal settlements	Access to basic services	Access to free basic services	Unemployment Rate	Skilled	Semi-skilled	Low-skilled
2018/19	3184	306	7537	2388	11,9%	16,7%	34,1%	49,2%
								T.1.2.4

TABLE 5: SOCIO ECONOMIC STATUS SOURCE: MERO 2017

ENVIRONMENT, TOURISM AND LOCAL ECONOMIC DEVELOPMENT

The municipal area is very popular for its rural rustic Karoo scenery amongst domestic and foreign tourists. Our unique offerings in the heart of the Klein Karoo, the local top class brandy, port and wines, hot springs and top class cheese industries, provide attractions for tourists with distinctive tastes who enjoy trying new delicacies.

An important role and function of the Municipality is to balance the need for development with the need to reserve the fauna and flora which are an important leverage within the agriculture and tourism industry. In this regard the Municipality cooperates with the relevant sector departments, National Parks and the private sector for the best opportunities with the least damage to nature. The area is very popular amongst artists, cyclists and off-road enthusiasts who come here for untouched natural beauty.

The Municipality has a difficult task to balance the interest in the natural environment with the need to promote development which will address the socio-economic under-development, infrastructure backlogs and the need to promote investment inflows to the area. The Spatial Development Framework (which is reflected in the IDP) will be one of the key strategic tools with which the Municipality will balance these competing interests.

The table below reflects the natural resources within the municipal area:

Natural Resources	
Major Natural Resource	**Relevance to Community**
Water	Basic need to all residence
Electricity	Basic need to all residence

TABLE 6: NATURAL RESOURCES

1.3. SERVICE DELIVERY OVERVIEW

Government policy places specific emphasis on the provision of basic services, which entail the provision of electricity, water, sanitation and waste collection. Chapter 3 provides more detailed information on basic service delivery as well as all other functions rendered by the Municipality during 2018/19.

BASIC SERVICE DELIVERY HIGHLIGHTS FOR 2018/19

During the 2018/19 financial year, the municipality made the following contributions to satisfy basic requirements:

SERVICE	HIGHLIGHT DESCRIPTION
WATER SECURITY AND PROVISION	Providing water for tanks to schools and some farm areas in dry summer months in Kannaland area with assistance from the GRDM and provincial government.
	Monthly laboratory results of water samples that comply with SANS 241 with regards to the quality of water
	Supply emergency water to hospitals and schools
	Refurbishment of the pipeline system at the borehole plant in Ladismitn
	Refurbishment of boreholes as well a new borehole pump and pipeline at the Swartberg River in Ladismith

ELECTRICITY	Upgrade of the main electricity substation including installation of new 20 MVA transformer in Ladismith (R8m VAT included) .
	Better internal controls within the department
	Network and transformer audit was conducted to determine the number of assets to be refurbished or replaced.
	Daily electrical work are being successfully completed within 24 hours from callout
	Staff morale has been improved which resulted in increased productivity
	Bulk, conventional and prepaid electrical meter audit was conducted.
	Faulty meters were identified to be replaced and the system will be upgraded in the next 2 financial years to ensure the data is clean and reliable
	A cost analysis was done of the demand to be saved in terms of Eskom penalties
ROADS	This function remains a challenge, due to financial constraints. Repairs and maintenance should be throughout the entire municipal area.

PMU	
	Contract workers became permanent i t o the EPWP programme
	100% MIG spending for the year under reiew
	Best achiever award for the EPWP results
GOOD GOVERNANCE	Functional ward committee meetings
	Thusong outreaches to enable the local community to do their personal affairs wrt government services.
	Engagement with stakeholders internal and external on municipal affairs
	Good progress have been made in the turn-around of the Municipality although much effort is still required.
	MOU in place wrt internal audit and risk management with assistance from Garden Route District Municipality
	There is momentum regarding governance structures and a commitment to function. The intervention actions rendered progress and the final hurdles need to be tackled now
	Functional meetings with LLF members
	Restructuring of organogram
	Adhering to Mscoa
	Appointment of a Chief Financial Officer, BTO Manager as stipulated to the FRP
	Implementation of the FRP – Organisational structure renewal Job description in process Training development
FINANCIAL VIABILITY	
	The payment rate of the Municipality has been increased to an average of …. *(still to be confirmed)*
DISASTER MANAGEMENT	Disaster Management Committee has been established and actively during drought period
	Starter packs were given to storm damage households in Kannaland
	Water were made available to affected areas

TABLE 7: HIGHLIGHTS DURING THE 2018/19 FINANCIAL YEAR

During the 2018/19 financial year, the municipality faced the following challenges:

Service Area	Challenge	Interventions to address
Infrastructure: Water, roads, sanitation, electrical	Inadequate funding (grant and own funding)	Infrastructure maintenance and upgrades are the most crucial issues in the Municipality. Additional funding is required to address infrastructure maintenance and upgrades.
	Large number of faulty water meters. Users only pay for basic services until meters are replaced- financial loss	Funding and manpower required to repair/replace faulty water meters
	Roads - Grant funding not adequate to maintain upgraded roads.	Ongoing application for external funding from various sources.
	Electricity - maintaining and managing electricity losses due to aging networks	Ongoing application for external funding from various sources.
	Water - availability of water, especially in the hot and dry summer months	Fast-tracking of the ACIP & RBIG funding requests for WWTW's & Ladismith Swart Berg Dam raised at the Back to Basics, Water and Sanitation forums and as well IDP forums
	Non-compliance regarding the operation of refuse sites are serious. No funding is available to comply with the requirements.	The Municipality is in a mediation process with the Department of Environmental Affairs and Public Prosecution.
Fleet Management	Limited fleet available in all service delivery departments	This was raised and addressed with DLG and funding applications were submitted for fleet required.

Human Settlements	Challenges exist with regard to the capacity of bulk infrastructure services resulting in significant increases in housing waiting lists	Funding required to increase the capacity of bulk infrastructure to allow for new housing developments
	Incorrect title deeds	Appoint a surveyor to alleviate the risk of incorrect title deeds
	Huge demand for low cost and GAP housing	Ongoing liaison with the Department of Human Settlements to fund the implementation of the human settlement pipeline

TABLE 8: CHALLENGES DURING THE 2018/19 FINANCIAL YEAR

PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES

(The information will be included after the final audit has been concluded)

Proportion of Households to basic services as per municipal statistics		
	2017/18	2018/19
Electricity service connections	3789	3530
Water - available within 200 m from dwelling	4889	4915
Sanitation - Households with at leats VIP service	4434	4459
Waste collection - kerbside collection once a week	4778	4861

TABLE 9: PROPORTION OF HOUSEHOLDS TO BASIC SERVICES AS PER MUNICIPAL STATISTICS (SOURCE: SAMRAS)

The variances in numbers for basic service can be attributed to the fact that not all households have access to the same level of service (e.g. in informal areas households have access to communal taps) and in certain areas ESKOM is the distributor of electricity. A large part of Calitzdorp is not connected to the sewage system but septic tanks are emptied when full.

In Zoar 10 households still have to make use of the bucket system which must still be eradicated. Due to the fact that the area is situated in a rocky area, the cost of installing sewage will be high and therefore the bucket system has not been eradicated there. Pit latrines are still used in the Calitzdorp (15) and in Vanwyksdorp (30). In Vanwyksdorp 100 septic tanks are being serviced by the Municipality.

1.4. FINANCIAL OVERVIEW

The audit report is under review and will be finalised in February 2020

CHALLENGES REGARDING FINANCIAL MANAGEMENT FOR 2018/19

SERVICE AREA	CHALLENGE	INTERVENTION
Late submission of Annual Financial Statements	The post of chief financial officer become vacant in November 2018 whereby the new permanent appointment were made in February 2019. Significant governance challenges of long standing key vacancies in the finance department affecting effective monitoring and oversight of actions to enable the timely preparation of the financial statements;	Provincial Treasury assisted with Financial Recovery Plan Appointment of CFO and BTO Manager
Financial system	1. Capacity and skills challenges, including severe funding constraints to manage the mSCOA implementation process; 2. The inability of existing accounting and information systems to accommodate the technical specifications set in the mSCOA, negatively affected the finalisation of data migration and mapping processes; 3. Loss through theft of stand-alone laptop containing mSCOA data-base and general ledger that required the rebuild of the database; 4. Ongoing segmentation errors and system set-up issues, which affect the recording of and reporting on transactions, including the loading and management of the annual and adjustment budgets; 5. Inaccurate recording of transactions on the accounting system;	Bytes to cooperate in rectifying segmentation errors and system set-up issues; Internal controls tightened on oversight and monitoring of reconciliations in future Providing leadership and in-service training to ensure that in-year reporting are correct and on time as per statutory timeframes. Appointment of BTO manager and accountant reporting with extensive knowledge of the financial system. Encourage the community to pay their bills and to apply for indigent services.

SERVICE AREA	CHALLENGE	INTERVENTION
	6. Inability to perform reconciliations of various accounts because of data errors; 7. Inability to manage accounts and in-year reporting due to data errors; and 8. The Municipality's inability to pay the outstanding account of financial system service provider and for current services owing to severe cash flow constraints affecting the implementation of Mscoa	
Internal Audit and Risk Management	No internal audit function Internal audit and risk management are not functioning separately	Internal audit function to be established Risk management officer and internal auditor must check each other Sufficient funding must be budgeted for the functions of internal audit and risk management
Asset management	Poorly maintained assets (vehicles, roads and other infrastructure etc) are major risk	Asset management is being addressed
	Expenditure and expenditure patterns are a matter of concern	Expenditure and expenditure patterns must be adapted and phased-in in accordance with National Treasury norms

TABLE 10: CHALLENGES REGARDING FINANCIAL MANAGEMENT

The tables below indicates the financial overview, operating ratios as well capital expenditure for the 2018/19 financial year:

Financial Overview: Year 2018/19			R' 000
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income:			
Grants	78 259 000,00	63 100 359,00	46 834 386,75
Taxes, Levies and tariffs	74 994 195,00	83 529 260,00	69 672 404,82
Other	17 748 144,00	16 605 490,00	668 797,35
Sub Total	**171 001 339,00**	**163 235 109,00**	**117 175 588,92**
Less: Expenditure	188 625 443,00	175 767 737,00	146 979 292,07
Net Total*	-17 624 104,00	-12 532 628,00	-29 803 703,15

TABLE 11: FINANCIAL OVERVIEW – SOURCE: AFS VS MUNICIPAL BUDGET

Operating Ratios	
Detail	**%**
Employee Cost	101%
Repairs & Maintenance	106%
Finance Charges & Impairment	74%

FIGURE 2: OPERATING EXPENDITURE: SOURCE: AFS VS MUNICIPAL BUDGET

Total Capital Expenditure: 2016 to 2019			R'000
Detail		**2017-2018**	**2018-19**
Original Budget		30801,00	44 648 200
Adjustment Budget		21652,00	23 448 200
Actual		20479,00	16 125 352

TABLE 12: CAPITAL EXPENDITURE - SOURCE: AFS VS MUNICIPAL BUDGET

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

Human Resources
The municipality currently has **275** employees, of which **3** are Section 57 employees, **179** permanent and **52** contract employees and **4** interns.

- It is under discussion relating to the financial recovery plan that management initiated a process to review the micro structure to ensure alignment with the municipal strategic objectives (IDP) to ensure compliance and effective and efficient service delivery. This exercise highlighted a number of critical areas that management needs to address to ensure optimal service delivery. Examples of these are as follows:
- Low staff morale
- Inadequate skills levels
- Inadequate qualifications
- Lack of clarity regarding roles and responsibilities (middle management and supervisors)
- Lack of discipline

Some of the above concerns have subsequently been addressed in implementing the following initiatives:

- Job descriptions for all staff have been developed
- Training plans have been developed to identify skills needs.
- Work Place Skills Plan has been developed and will be implemented in the next financial year
- Present the code of conduct to staff

Employee Wellness;
A wellness programme will be developed in the new financial year that will address the issues relating to substance dependency, personal financial management, and other related issues.

Skills Development
The municipality has developed a Work Place Skills Plan (WSP) of which the main objective is to ensure that there is staff development through training interventions for all levels of staff.

The management team is committed to ensure that all staff is skilled and trained in their respective fields, even though there are financial constraints. The management team will continue to source funding and form cooperative partnerships where the opportunity presents itself to ensure a well-qualified workforce.

MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

ITEM	Progress
Implementation of the organizational structure	The new structure introduced is currently in place and ensure effective, efficient, economic, quality and timeous service delivery which enables employees that are capacitated to perform according to expectations. Job descriptions to accompany the organizational structure are now being compiled
Skills Development	The Municipality is in process to equip employees with training through the LGSETA programme.
	Municipal Minimum Competency training suffered a serious of setbacks. The required training will commence as soon as a competent service provider has been appointed and after approval of the new organizational structure.

TABLE 13: 1.5.1 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

1.6. AUDITOR GENERAL REPORT (ANNEXURE: ORIGINAL DOCUMENT)

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF KANNALAND MUNICIPALITY

The audit of Kannaland is still in process

STATUTORY ANNUAL REPORT PROCESS

The Municipal Finance Management Act (MFMA) requires that a Municipality prepared an Annual Report for each financial year. The Annual Report is a measure of ensuring that there is regular, impartial feedback to stakeholders and that accountability and thereby to strengthened transparency. Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out the performance of the Municipality and its external service providers, providing a comparison between targets and performance in the previous financial year and improved measures taken. The annual performance report must form part of the annual report.

Activity	Legislation and Guidance	Process Owner	Timeframes
Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period.	MSA S41 (1)(e)	Municipal Manager (Assisted by other s56 managers and CFO)	July
Implementation and monitoring of approved Budget and IDP through the approved SDBIP commences (In-year financial reporting and quarterly performance reports)	MSA S41 (1)(e)	Municipal Manager (Assisted by other s56 managers and CFO)	July
Finalise 4th quarter Performance Report for previous financial year	MFMA S52(d)	Municipal Manager (Assisted by other s56 managers and CFO)	July
Submit draft previous financial year Annual Report and evidence to internal and the Auditor General including annual financial statements and financial and non-financial information	Submission of AFS as per section 126 (1) of the MFMA. Additional step, a draft annual report is prepared. Annual performance report needs to be included as per section of the MSA	Municipal Manager and CFO	July
Submit Annual Report including annual financial statements and Annual performance Report to the combined audit/performance committee	Joint committee assessing both financial and non-financial performance advances accountability and expedites corrective measures	Municipal Manager and CFO	July / August
Combined Audit/performance committee considers unaudited Annual report of Municipality		Audit and Performance Audit Committee	

Mayor tables the unaudited Annual report in Council	The Annual Report submitted and complies with the requirements of Section 121 (3) (a-k). Information on pre-determined objectives to be included. Note that is unaudited and will not include any of the AG's reports as the auditing thereof will still be in progress. (Municipalities with Municipal entities to submit a consolidated unaudited annual report by September)	Mayor	August
Municipality submits draft Annual Report including annual financial statements and performance report to Auditor General for auditing purposes – due 31 August.		ACCOUNTING OFFICER / CFO	
Council submit unaudited tabled annual report to MPAC for vetting and verification of council's directive on service delivery and the committee to evaluate senior managers' performance against agreement entered into.			
Commencement of IDP analysis of institutional, services and infrastructure provision, backlogs and priorities. Unaudited annual report as submitted to AG to be used as input into the IDP strategic phase process and community verification and input by MPAC on reported performance. Such information includes that of various entities incorporated into information of the parent.	If the above process is followed, the unaudited Annual report van add value to the IDP/Budget planning process for the next year as well as oversight by MPAC on the reported deliverables by communities and achievements targets reached.	Council	August
Auditor-General audits the unaudited Annual Report and submit an audit report to the accounting officer for the Municipality	Section 126 (3) (b) require the Auditor-General to submit an audit report within three months after receipt of statements from the Municipality	Auditor-General	November
Annual Report and oversight report processes for adoption to be used as input into public participating meetings for the IDP review process	Section 127, 128, 129 and 130	Council	September - November

The Auditor-General's reports are issued during the period of Oct/Nov. Once the AG audit reports have been issued no further changes are allowed as the audit process is completed	Section 129, 130 and 131. Tabling the audited Annual Report within 5 or 6 months after the end of the financial year.	Municipal Manager	November /December
Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	Section 75 for publication on website	Mayor	
Audited Annual Report is made public and representation is invited		ICT / CFO	
Oversight committee finalises assessment on Annual Report. This must be concluded within 7 days of receipt of AG's report. Council is expected to conclude on this matter before going on recess I n December		MPAC	
Council adopts Oversight Report	The entire process, including oversight reporting and submission to provincial legislators are completed in December and not in March the following year	Council	December
Oversight Report is made public		Municipal Manager	
Oversight report is submitted to legislators, Treasurers and COGTA		Mayor	

TABLE 14: STATUTORY REPORTING TIMEFRAMES – CIRCULAR 63 (SEPTEMBER 2012)

The Annual Report must align with the Integrated Development Plan (IDP), Budget, Service Delivery and Budget Implementation Plan (SDBIP), and in year reports. The contents will assist with the annual audits and as a management tool for the budget process and as an accountability instrument for feedback to the public. MFMA reforms include ensuring transparency and accountability for the fiscal and financial affairs of municipalities through in-year and Annual Reporting.

Real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community, the IDP, the Budget, SDBIP, service delivery agreements, performance agreements of senior management and officials, in-year reports covering financial and non-financial information, (such as MFMA Sections 71, 72 & 74 and MSA Section 41 among others), Annual Financial Statements, Annual Performance Report and the Annual Report.

The IDP, Budget, SDBIP, in-year reports, annual performance report and Annual Report should have similar and consistent information to facilitate understanding and to enable the linkage between plans and actual performance.

CHAPTER 2 – GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

Section 151(3) of the Constitution states that the council of a Municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation.

Political governance is the process of decision-making to formulate policy of a Municipality (by-laws), whereas administrative governance is the system of policy implementation.

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the communities are heard in decision-making. It is also responsive to the present and future needs of society.

Kannaland Municipality strives towards achieving the characteristics of good governance.

2.1 POLITICAL GOVERNANCE

In terms of section 52(a) of the Local Government: Municipal Finance Management Act, Act 53 of 2003 (MFMA), the Executive Mayor provides general political guidance over the fiscal and financial affairs of the Municipality subject to applicable legislation and the delegations by Council. Council remains responsible for oversight and participatory roles. The primary role of Councillors are to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as decision makers, councillors are also actively involved in community work and the various social programmes in the municipal area.

The roles and responsibilities of council should always be carried out with a clear distinction between oversight and interference in administration, as defined in the Municipal Finance Management Act, sections 52(b) and 103 respectively, as well as in the Code of Conduct for Councillors (Schedule 1 to the Municipal Systems Act).

POLITICAL STRUCTURE

Kannaland Municipality has a Council consisting of 7 Councillors with an Executive System (4 ward Councillors and 3 proportionally representative Councillors).

The Mayoral Committee consist of:

Councillors		Position	Party	Wards
	**EXECUTIVE MAYOR** Councilor Magdalena Barry	Ward Councillor	ANC	Ward 3:
	**SPEAKER** Councillor Alletta Theron	Ward Councillor	DA	Ward 4
	**DEPUTY MAYOR** Councillor: Phillipus Antonie	PR Councillor	ANC	Ward 3

TABLE 15: MAYORAL COMMITTEE

The remainder of Councillors are:

Councillors	Position	Party	Wards	
	Councillor Hyrin Ruiters	PR Councillor	ICOSA	Ward 3
	CHIEF WHIP Councillor Werner Meshoa	Ward Councillor	ICOSA	Ward 2
	Councillor Jeffrey Donson	Ward Councillor	ICOSA	Ward 1
	Councillor Joshlyn Johnson	PR Councillor	DA	Ward 3

TABLE 16: COUNCILLORS

The table below categorises the councillors within their specific political parties and wards for the 2018/19 financial year:

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time/ Part Time	Committees Allocated	Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
Cllr M Barry	FT	Executive Mayor - Mayco / Council	Ward (ANC)	100%	0%
Cllr P Antonie	FT	Mayco Council MPAC	Party Representative (ANC)	100%	0%
Cllr A Theron	FT	Speaker Mayco / Council	Ward (DA)	100%	0%
Cllr J Johnson	PT	Council / MPAC	Party Representative DA	100%	0%
Cllr W Meshoa	PT	Council	Ward (ICOSA)	100%	0%
Ald J Donson	PT	Council / MPAC	Ward (ICOSA)	100%	0%
Cllr H Ruiters	PT	Council	Party Representative (ICOSA)	100%	0%

TABLE 17: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

POLITICAL DECISION TAKING

The Executive Mayor of the Kannaland Municipality is assisted by the Mayoral Committee and advised by the Municipal Manager and senior managers. The Executive Mayor is at the centre of the system of governance, since executive powers are vested in the Executive Mayor to manage the day-to-day affairs. This means that the Executive Mayor has an overarching strategic and political responsibility.

The key element of the executive model is that executive power is vested with the Executive Mayor, in terms of applicable legislation and a set of delegations approved by Council. Council appoints the Municipal Manager and Senior Managers and delegates powers through the approved set of delegations to provide for sufficient separation of powers. Although accountable for the strategic direction and performance of the Municipality, the Executive Mayor operates in concert with the Mayoral Committee.

Each member of the Mayoral Committee is responsible for the functions indicated below whilst remaining accountable to the Mayoral Committee and the Executive Mayor unless provided for otherwise by applicable legislation. Administration is in the process of compiling an electronic register to monitor, track and record the carrying-out of Council resolutions.

OVERSIGHT STRUCTURES

Council oversight is exercised through committees appointed by Council in terms of Section 79 of the Local Government: Municipal Structures Act, 1998. The following committees contribute towards assurance and makes recommendations for consideration and approval by Council:

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Section 129(4) of the MFMA provides for the issuance of guidance on the manner in which municipal councils should consider annual reports and conduct public hearings as well as the functioning and composition of any public accounts or oversight committees established by the council.

The Municipal Public Accounts Committee (MPAC) assists council to exercise oversight over the executive functionaries of Council, to ensure the efficient and effective use of municipal resources and to ensure good governance in the Municipality. By so doing, the MPAC will help to increase council and public awareness of the financial and performance issues within the Municipality.

This MPAC focuses mainly on compliance in accordance with the Local Government: Municipal Finance Management Act. The terms of reference of the MPAC include the following:

- Investigate unforeseen and avoidable expenditure (Section 29 of MFMA);
- Investigate unauthorised, irregular or fruitless and wasteful expenditure (Section 32 of MFMA);
- Review the quarterly report of the Executive Mayor on the implementation of the budget and the state of affairs of the Municipality – SDBIP (Section 52 (d) of MFMA);
- Review monthly budget statements (Section 71 of MFMA);
- Review mid-year budget and performance assessment (Section 72 of MFMA);
- Ensure disclosure of Councillors, Directors and Officials (Section 124 of MFMA);
- Review Financial Statements before submission to the Auditor General (AG) (Section 126 of MFMA);
- Review and give recommendation on the submission of the Annual Report (Section 127 of MFMA);
- Present an oversight report on the Annual Report (Section 129 of MFMA);
- Ensure that issues raised by the Auditor-General are addressed (Section 131 of MFMA);
- Ensure that the functions of the Audit Committee are carried out (Section 166 of MFMA);
- Ensure that disciplinary action instituted against Councillors, the Municipal Manager and Senior Management is within the guidelines of the MFMA financial misconduct regulations (MFMA);
- Review the IDP (Section 25 of MFMA);
- Annual Review of the IDP (Section 34 of MFMA);
- Review the performance management plan (Section 39 of MFMA);
- Monitor that the Annual Budget is aligned with the IDP (Regulation 6 of the LG: Municipal Planning And Performance Regulations); and
- Monitor that all declaration of interest forms are completed by Councillors and relevant municipal staff (Section 54 – read with item 7 of schedule 1).

MPAC consists of the following Councillors:

Name	Position
Councillor P Antonie	Chairperson
Councillor J Johnson	Member
Alderman J Donson	Member
Representative from Provincial/ National Treasury	To be appointed

TABLE 18: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

FINANCIAL DISCIPLINARY BOARD

The Disciplinary Board is an independent advisory body that assists the council with the investigation of allegations of financial misconduct by officials and provide recommendations on further actions in this regard. It is also to monitor the institution of disciplinary proceedings against alleged transgressors.

The Kannaland Municipal Council established the Kannaland Disciplinary Board ("the Disciplinary Board") for financial misconduct on 7 December 2017. Due to the fact that the Disciplinary Board was not correctly constituted in terms of the MFMA Regulations, Council re-established the Disciplinary Board on 31 October 2018 and the Board commenced with its functions.

The purpose of the Disciplinary Board is restricted to alleged offences of financial misconduct related to municipal officials in terms of section 171 (financial misconduct by municipal officials of a Municipality) in terms of the Municipal Financial Management Act , and has no jurisdiction to address any allegation relating to offences in terms of section 173 of the Act (criminal proceedings).

The Disciplinary Board consists of the following members:

Name	Position
Mr J Johannes	Chairperson (Audit Committee representative)
Mr G Breda	Manager: Legal and Risk
Mr R de Jongh	Acting Manager: Human Resources
Representative from Provincial/ National Treasury	To be appointed

TABLE 19: DISCIPLINARY BOARD

AUDIT AND PERFORMANCE AUDIT COMMITTEE

Council appointed a combined Audit and Performance Audit Committee. In the absence of an internal audit unit and as result of the instability in the appointment of Section 57 Senior Managers, the committee was not functional during the period under review. However training from Provincial Treasury to all committees are welcomed to capacitate the committee with new knowledge.

The responsibilities of the Audit and Performance Audit Committee include:

- Advising Council and management of the Municipality on matters relating to:
 - internal financial control and internal audits;
 - risk management;
 - accounting policies;
 - the adequacy, reliability and accuracy of financial reporting and information;
 - performance management;
 - effective governance;
 - compliance with applicable legislation;
 - performance evaluation; and
 - any other issues referred to it by the Municipality .
- Overseeing internal controls, financial reporting and compliance with regulatory matters;
- Reviewing the effectiveness of the council's system of internal control and risk management;
- Reviewing financial reporting and financial statements;
- Reviewing the internal audit function;
- Reviewing the performance management system and reports;
- Reviewing compliance with policies, regulations and procedures in terms of prescribed guidelines and applicable laws; and
- Responding to council on any issues raised by the Auditor-General in the audit report.

The Audit and Performance Audit Committee consists of the following members:

Name	Position
Mr C Ipser	Chairperson of Audit Committee
Mr J Johannes	Member
Ms H Duiker	Member
Mr J de Wet	Member

TABLE 20: AUDIT AND PERFORMANCE AUDIT COMMITTEE

RISK COMMITTEE

The Risk Management Committee is responsible for assisting the Accounting Officer in addressing oversight requirements of risk management and evaluating and monitoring the institution's performance with regard to risk management.

The Risk Committee for the period under review consisted of the following members:

Name	Position
Mr R Stevens, Municipal Manager	Chairperson of Risk Committee
Mr B Strydom, CFO	Member: Financial Services
Director: Corporate Services –	Member: Corporate Services (Vacant)
Wayne Robertson	Member: Community Services
Henrico Constable	Member: Corporate Services
Leon Blignault	Member: Technical Services
Gersdwin Breda	Risk Officer

TABLE 21: RISK COMMITTEE MEMBERS

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager, as the Accounting Officer of the Municipality is the Head of the Administration, must provide guidance on compliance with legislation to political structures, political office bearers and officials and is primarily responsible for service delivery and implementation of political priorities.

The organizational structure provides for 2 senior managers to report directly to the Municipal Manager. Provision is made for the Finance Department, and the Infrastructure Services Department.

Performance agreements that align to the Municipality's top layer SDBIP were in place for senior managers serving during the 2017/18 financial year although performance evaluations have not been performed.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

Intergovernmental Relations (IGR) is an important inter-governmental structure for compliance purposes but also provides the opportunity for Kannaland Municipality to progress issues of mutual interest with neighbouring municipalities, Eden District Municipality, provincial and national government as well as the South African Local Government Association. At these critical platforms the Municipality raises its experiences and challenges in order to obtain support from other government sectors and spheres or to address policy and practice matters. Attending meetings of these important IGR structures remain costly and directs funding away from other services delivery issues.

The value for money principle is applied in approving attendance of IGR meetings to ensure the most benefit for the Municipality at the least possible cost.

District Intergovernmental Technical Forum	**Municipal Manager**	**District driven agenda**
District Municipal Managers Forum	Municipal Manager	District driven agenda
SALGA Steering/Sub Committees	Municipal Manager and Council	All municipal support services
CFO Forum	Chief Financial Officer	All financial related topics
MIG forum	PMU Manager	Identified priorities / appraisals discussion
GRDM Local Economic Development Forum	LED and Communication Coordinator	LED related topics
Water and Sanitation Forums	LED and Communication Coordinator	Water and sanitation related concerns and solutions discussions
Provincial Speakers Forum	Speaker	Provincial Local Government driven agenda
Municipal Governance Review and Outlook (MGRO)	Accounting Officer	Provincial Local Government driven agenda – Financial Recovery Plan, Revenue Enhancement project and PWC project for assessment and registration of indigents Appointment of Geodebt for collections and establishment of
MINMAY Forum	Mayors and Municipal Managers	Provincial Local Government driven agenda
MINMAY Tech Forum	Municipal Managers and Directors	Provincial Local Government driven agenda
Public Participation Communication Forum	LED and Communication Coordinator	Public Participation related topics
TIME	Mayors, accounting officers, IDP Managers	To discuss future planning and budget related queries emanating from assessments from PT

TABLE 22: INTER-GOVERNMENTAL STRUCTURES (IGR) ATTENDED

MUNICIPAL ENTITIES

Kannaland Municipality does not have any municipal entities.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Section 16 of the Municipal Systems Act (MSA) refers to the development of a culture of community participation within municipalities. It requires of the Municipality to develop a culture of municipal governance that complements formal representative government with a system of participatory governance. For this purpose, it must encourage and create conditions for the local community to participate in the affairs of the Municipality throughout the year.

Such participation is required in terms of:

- the preparation, implementation and review of the IDP;
- establishment, implementation and review of the performance management system;
- monitoring and review of the performance, including the outcomes and impact of such performance;
- Preparation of the municipal budget; and
- Spatial Development Framework etcetera.

Kannaland Municipality has a robust public participation process in terms of the revised Public Participation Policy adopted in May 2018. The process enables vigorous and constructive engagements with all stakeholders through their participation in ward committee meetings and community feedback sessions throughout the year on various issues including matters raised by members of the community. This is of particular importance, given the geographical size and nature of the municipal area within which community's needs vary from area to area.

The result of the municipal public participation processes is designed to allow Council and management to do better long-term planning and deliver, amongst other, a more credible IDP and Budget.

Strategic documents and information that may affect the community are being published on the municipal website, placed at municipal libraries and notices are published in local newspapers to afford members of the community the opportunity to make written representations for consideration by Council.

No community satisfaction surveys have been conducted although the Municipality has high regard for the complaints system and all possible measures are taken to ensure that complaints are attended to in the shortest possible time and that feedback is given to the complainant. The Municipality has acquired the electronic IGNITE complaints system for improved monitoring of complaints. Response times and attention to complaints will be considered as a KPI on the SDBIP for the 2018/19 financial year.

WARD COMMITTEES

Public meetings are being held in all wards of the Municipality with the specific intention to determine community based needs and opinions for purposes of the Integrated Development Plan and Annual Budget processes. These meetings inform and report on public needs, planning and budgeting as well as strategic objectives. Refer to **Appendix E** which contains further details on ward committee governance and to **Appendix F** that contains performance data on a ward by ward basis.

Ward Councillors with their Ward Committees have public meetings twice a year to discuss ward plans and service delivery shortcomings as well as to give feedback on the success/ failure of proposed projects.

Attendance of the public is determined by their personal interest in the matters for discussion at the specific the meeting, otherwise there is very little interest shown in such meetings. Attendance is often very poor at approximately 50 – 100 people attending such engagements. Municipal officials from all departments attend all public meetings to ensure that knowledgeable answers can be given on matters raised and for management to take note of matters to receive attention.

Transport is provided, where necessary, for ward committee members to attend ward committee meetings and functions where public participation, through the ward committee system, is required. Administrative capacity is provided to ward committee meetings by the Municipality.

All ward committee members must attend the monthly meetings and submit a report as part of their participatory functions as ward committee members in their respective wards. A stipend of R 500 per month has been approved as per the ward committee policy (out of pocket expense)

The ward committees are structured as follows:

Ward 1 Ladismith: Nissenville, Towerkop

Name of representative	Capacity representing	Dates of meetings held
Ald Jeffrey Donson	Chairperson	12 June 2017
Ms. Melanie Ayslie	Religion	
Mr. Past. Hendrik Rademeyer	Culture	07 August 2017
Mr Johannes Ruiters	Community	
Ms. Brumilda Januarie	Youth	09 October 2017
Ms. Hilda Van Eick	Individual	
Mr. Dawid Rooi	Infrastructure	23 January 2018
Ms. Carol Hendricks	Individual	
Mr. Jan Cederas	GPF	19 March 2018
Ms. Gloria Dowries	Community	
M. Elizabeth Jacobs	Senior Citizen	02 May 2018

TABLE 23: WARD 1 – WARD COMMITTEE

Ward 2: Calitzdorp, Bergsig, Warmbad, and Kruisrivier, Gamka– East and West

Name of representative	Capacity representing	Dates of meetings held
Cllr Werner Meshoa	Chairperson	15 June 2017
Mrs. Sophia Roman	Women	
Mr. Monolitto Pieterse	Health	10 August 2017
Mr. Moses Arnoldus	Individual	
Mrs. Emilene Hess	Youth	11 October 2017
Mr. Gert Uithaler	Infrastructure	
Ms. Quinta Valentyn	Religion	13 February 2018
Ms. Bettie Mcdillon	Individual	
Mr. Mike Neebe	Tourism	22 March 2018
Ms. Franciena Quintini	Individual	
Mr. Alfredo Horn	Youth	12 April 2018

TABLE 24: WARD 2 – WARD COMMITTEE

Ward 3 Zoar

Name of representative	Capacity representing	Dates of meetings held
Cllr Magdelena Barry	Chairperson	21 June 2017
Mr. Tsodinyane Jacob Nkokou	Agriculture	
Ms. Dianne Hardien	Woman	08 August 2017
VACANT	Education	
Ms. Manoline Willemse	GPF	10 October 2017
Ms. Elize Booysen	Individual	
Ms. Rina Hector	Culture	23 January 2018
Ms. Carol Hess	Sport	
Mr. Alistair Reizenberg	Tourism	17 April 2018
Ms. Leslene De Jongh	Youth	
VACANT	Religion	19 June 2018

TABLE 25: WARD 3 – WARD COMMITTEE

Ward 4 Ladismith Town, Van Wyksdorp, Dankoord, Algerynskraal, Buffelsvlei, Hoeko

Name of reprensentative	Capacity representing	Dates of meetings held
Cllr Aletta Theron	Chairperson	15 June 2017
Mr. Ivan Januarie	Education	16 August 2017
Ms. Elsa La Grange	Community	
Ms. Maria Herdien	Individual	18 October 2017
Ms. Nerina Lochner	Individual	
VACANT	Agriculture	24 January 2018
Mr. Edward Adcock	Health	
Ms. Regina Hendricks	Individual	19 March 2018
VACANT	Infrastructure	20 June 2018
Mr. Jonathan Jantjies	Individual	

TABLE 26: WARD 4 – WARD COMMITTEE

FUNCTIONALITY OF WARD COMMITTEES

Ward committee members are elected by the communities they serve. A ward committee may not have more than 10 members and women must be well represented. The ward councillor is the chairperson of the ward committee.

The main purpose of ward committees is to improve effective communication and participation of community members to inform council's decision-making on the opinion and needs of the communities, especially those affected by a decision. Ward committees have no formal powers, but they advise ward councillors who make specific submissions directly to the Administration/ Council and also assist the ward councillor with the following:

- consultation and report-back to the community;
- obtaining better participation from the community to inform council decisions, and
- playing an important role in the annual revision of the Integrated Development Plan of the area.

It is envisaged to review the functionality of ward committees to enhance public participation in monthly meetings of ward committees to provide feedback from the community for informed Council decisions.

PUBLIC ENGAGEMENTS

The table below indicates the community engagement sessions with the stakeholders in the four wards:

Nature of meeting	Date of events	Purpose	Target audience	Communication Mechanisms
Ward 1: Public Participation	April / May 2019	Presentation of the IDP& Budget to the citizens of Ward 1	Residents of ward Businesses, NGO's, Churches	Monthly Newsletters/IDP & Budget Report Back meeting
Ward 2 Public Participation	April / May 2019	Presentation of the IDP & Budget to the citizens of Ward 2	Residents of ward Businesses, NGO's, Churches	Monthly Newsletters/IDP & Budget Report Back Meeting
Ward 3: Public Participation	April / May 2019	Presentation of the IDP& Budget to the citizens of Ward 3	Residents of ward Businesses, NGO's, Churches	Monthly Newsletters/IDP & Budget Report Back Meeting
Ward 4: Public Participation	April / May 2019	Presentation of the IDP& Budget to the citizens of Ward 4	Residents of ward Businesses, NGO's, Churches	Monthly Newsletters/IDP & Budget Report Back Meeting
Ward feedback meetings in all four wards	Each quarter in all four wards	Feedback to communities & obtaining of input from the community on IDP	Residents of wards Businesses, NGO's, Churches	Ward councillor gives feedback on ward meeting

TABLE 27: PUBLIC ENGAGEMENTS DURING THE 2018/19 FINANCIAL YEAR

Unfortunately public engagements and feedback sessions are often not well attended and the benefits of such engagements can be largely improved if communities can be mobilized to attend public engagements in larger numbers. Even though community members attend in smaller numbers, public engagements are considered to be valuable in the sense that those community members are presented with a platform to voice their needs and expectations while the Municipality have the opportunity to explain the broader picture and/or giving feedback on delivering services in the entire municipal area within the financial means of the Municipality.

Informed communities do not easily revert to protest action and by understanding the constraints of the Municipality and the importance of paying for services, progress are being made with the establishment of a culture of payment in communities. The municipality will establish a IDP/Budget Representative Forum to ensure more informed information are shared and discussed at meetings.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the Municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Are the budget aligned directly to the KPIs in the strategic plan?	Yes
Are the IDP KPI's aligned to the Section 57 Managers	Yes
Are the IDP KPI's aligned to functional area KPIs as per the SDBIP?	Yes
Are the IDP KPI's aligned with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

TABLE 28: IDP PARTICIPATION AND ALIGNMENT CRITERIA SECTION 26 MUNICIPAL SYSTEMS ACT, 2000

COMPONENT D: CORPORATE GOVERNANCE

The council and management subscribe to the principles reflected by the various King reports. The seven primary characteristics of good governance namely, discipline, transparency, independence, accountability, responsibility, fairness and social responsibility have been considered critical in the compilation of the Kannaland Municipality Financial Recovery Plan.

2.6 ENTERPRISE RISK MANAGEMENT

The direction and mandate of risk management for Kannaland Municipality is clearly set out in Section 62(1) of the MFMA that stipulates that the *"Accounting Officer must take all reasonable steps to ensure that the Municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control" accompanied by the crucial motto of the public sector: "that the resources of the Municipality are used effectively, efficiently and economically".*

The Risk Management Unit (RMU) was developed in the 2017/18 financial year after the appointment of the Chief Risk Officer (CRO) but the Risk Management Committee only became functional in the 2018/19 financial year.

Enterprise Risk Management (ERM) is an essential function that must be performed by the Municipality in terms of the applicable local government legislation. Auditor-General reports in

recent years have highlighted risks for the Municipality and findings indicated that ERM must be prioritized as this function has been neglected for years.

The expertise of neighbouring municipalities and shared services from the Eden District Municipality and Oudtshoorn Municipality are being utilized to establish and improve the ERM function in Kannaland Municipality. The compilation of a risk register and actions plans in terms of the Financial Recovery Plan commenced and regular progress reports will be submitted to the Audit and Performance Audit Committee which is also functional.

In terms of section 62 (1)(c)(1) and section 95 (c)(i) of the Municipal Financial Management Act (MFMA), puts a duty on the Accounting officer to ensure that his Municipality has a fully functioning Enterprise Risk Management system, he is also responsible for the establishment of a Risk Committee. The Public Sector Risk Management Frame work Act aims to support and sustain the performance of risk management in the public sector. The Public Finance Management Act section 38 (1) (a) (i) and 51 (1) (a) (i) and 6 (2) (a), confirms the position as outline in term of the MFMA. In light of the above legal framework and legislative requirements and based on previous internal control finding as contained in previous audit reports, the current Executive Management established and Council adopted early 2019, the following documents:

- Revised Risk policy;
- Risk Committee Charter;
- Risk Management Strategy Plan;
- Risk Management Implementation Plan

- THE FOLLOWING EMPLOYEES HAS BEEN IDENTIFIED TO FORM THE RISK COMMITTEE:

Name	Position
Gersdwin Breda	Manager: Risk Contract and Legal Services
Wayne Robertson	Senior Manager: Community Services
Mark van Rensburg	Senior Official: Building and Planing
Pumezo Mgeni	Manager: BTO
Hilda Duiker	Audit Committee Member

- THE FOLLOWING EMPLOYEES HAS BEEN IDENTIFIED TO ACT AS RISK CHAMPIONS:

Name	Position
Danelle Koert	Manager: PMU
Sherilene Adams	Waste Management Official
Adri Fortuin	Senior Official: Housing
Mervian Scheffers	Accountant Fleet Management

INSTITUTION TRANSFORMATION

Item	Description
Organisational Structure	The organisation structure must be aligned with the IDP, hence the two documents must complement each other. The result is ultimately that the IDP and Organizational Structure, is to be used as tools for the drafting of the SDBIP, to ensure compliance, monitoring and evaluation.
Internal Audit	In terms section 165(1), (2) (b) & (c) of Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) "Each municipality and each municipal entity must have an internal audit unit, subject to sub-section (3).and The internal audit unit of the municipality and municipal entity must – advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to – (i) internal audit; (ii) internal controls; (iii) accounting procedures and practices; (iv) risk and risk management; (v) performance management; (vi) loss control; and (vii) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation; and

	c)perform such other duties as may be assigned to it by the accounting officer." The municipality has not established an internal audit unit since the 2016-17 financial year and has also not outsourced this service as required in terms of section 165(3), even though the municipality accepted the recommendations made by the auditors in the prior year, namely to establish an internal audit unit. The municipality therefore did not fulfil its responsibility to ensure an internal audit unit exist, as required by the above stated legislation, in order to ensure regular risk assessments and monitoring are conducted, and that there is an effective process of identification of internal control deficiencies and recommending corrective action, in order to improve the control environment of the Municipality.
Risk Management	Risk refers to a beneficial or unwanted outcome, actual or potential, to the organisation's service delivery and other performance objectives, caused by the presence of risk factors. Some risk factors also present upside potential, which management must be aware of and be prepared to exploit. Such opportunities are encompassed in this definition of risk. Risk management is a systematic and formalised process instituted by the organisation to identify, assess, manage and monitor risks.

RISK MANAGEMENT WITHIN KANNALAND MUNICIPALITY

The Accounting Officer exercised his right in terms of the applicable Risk Management legislation to appoint a Risk Contract and legal manager in June 2019. The official was appointed based on his qualification, skills, expertise and the need for such appointment.

- CHALLENGES IN RISK MANGEMENT

 - Current the Municipality only has one permanent incumbent to fulfil, the Risk Contract and Legal services function.
 - The Municipality, due to cash constrains is unable to purchase a Risk and Contract electronic system, hence Business Plan in terms of the Financial Recovery Plan has been submitted to Provincial Government to secure funds, for this purpose.

- BENEFITS OF RISK MANAGEMENT

 Kannaland Municipality will implement and maintain an effective, efficient and transparent system of risk management and internal control. Risk management will assist the municipality to achieve, among other things, the following outcomes needed to underpin and enhance performance:

 - more sustainable and reliable delivery of services;
 - informed decisions underpinned by appropriate rigour and analysis;
 - achievement of strategic goals as set out in the Integrated Development Plan;
 - reduced waste;
 - prevention of fraud and corruption;
 - better value for money through more efficient use of resources; and
 - better outputs and outcomes through improved project and program management.

TOP TEN RISK WITHIN THE MUNICIPALITY

Historical/Reputational Risk

fraud and corruption
lack of communication with Community
Nepotism
Financial Risk
Lack of planning
Making appointments outside the budget
Insufficient means to recover revenue

Operational Risk

A lack of appropriate governance over information stored, processed, or produced by IT systems

Safety and Security
Weakness in governance and accountability
Governance and Ethics
Fraud and error
Natural Disasters

Contract Management

In the absence of a proper functioning contract management function the municipality was unable to monitor, review and evaluate contracts that either came to an end or had to be reviewed for service delivery purposes. The Auditor General has also pointed out the lack or weak management of contracts which does have a negative financial impact on the municipality. There were also a significant number of officials who did not have formal signed contracts that complied with the collective agreement and the basic conditions of employment. The contract management function could have a significant positive impact on the financial recovery plan of the municipality particularly with regard to the selling or leasing of council assets, land and other facilities.

Given the above, management has undertaken to do a full audit with regard to contractual arrangements particularly to ensure that the contracts are in place in the following areas:

- Current land leased (market related and MFMA compliance)
- Unleased land (land used by parties that do not have a lease agreement)
- Council facilities that are leased (market related and MFMA compliance)
- Unleased Council facilities (sports fields etc.)
- Employment contracts of staff (temporary staff, contract staff and permanent staff)
- SCM contracts (to ensure MFMA compliance and goods and services are delivered within agreed timeframes and in good quality).
- Government contracts for grant funding (MIG, FMG, MSIG, RBIG, etc, - to ensure funds are utilised for purposes for which it was allocated to the municipality)
- Municipal leases (e.g. office space, equipment, and cell phones,)
- ICT service provider contracts
- Water board contracts

The municipality is currently outsourcing the contract management function and the need has been identified that suitable and qualified internal capacity is needed to ensure that Council increases its revenue and has control over this function

INTERNAL AUDIT

For the financial year under review the Municipality did not have a functional internal audit unit. An official from the Finance Department was sent to Cape Agulhas Municipality for guidance on the internal audit function, processes and procedures in order to establish the internal audit section in Kannaland Municipality.

The Financial Recovery Plan Manager, assisted the Municipality to establish and advance the internal audit function.

It is important that internal audit and enterprise risk management operate separately as the one must assess the other. Sufficient financial provision for these compulsory functions need to be provided for on the budget to ensure compliance in this regard.

It should be noted that this function will be part of the shared service initiation between the Garden Route District Municipality and DLG.

2.7 ANTI-CORRUPTION AND FRAUD

The oversight roles are managed by the Municipal Public Accounts Committee (MPAC), Disciplinary Board and Audit Committee as described under Oversight Structures at the beginning of this Chapter.

2.8 SUPPLY CHAIN MANAGEMENT

Supply Chain Management is guided by sections 110 – 119 of the MFMA; SCM Regulations 2005, and relevant MFMA circulars that set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

The Municipality established a functional SCM unit has over the three years.

Monthly updates on the scm policy are communicated with council.

2.9 BY-LAWS

Section 11 of the Municipal Systems Act gives a Municipal Council the executive and legislative authority to pass and implement by-laws and policies. A by-law is a legal document, which enables a local authority (Municipality) to implement certain powers vested in it by the

Constitution. Kannaland Municipality has by-laws which give effect to its constitutional obligations.

The Municipality is in the process of revising by-laws to identify potential intervened introducing new by-laws for adoption by Council. No by-laws were adopted in the 2018/19 financial year. The public participation stipulated in the applicable legislation will be followed for the adoption of by-laws process.

There is no capacity to rewrite and adopt the bylaws, therefore the municipality requested the support from DLG to assist the municipality in developing and review the bylaws.

2.10 WEBSITE AND ICT

The information pertaining the ICT function remains the same. Financial constraints are the critical area that needs attention to ensure the challenges are resolved.

The primary purpose of the Information Systems and Technology section is the provision of Information and Communication Technology (ICT) services which will enable an efficient and effective administration. An ICT assessment was done on current challenges as well to recommend possible solutions.

HIGHLIGHTS	CHALLENGES
• New Public Interactive Municipal Website;	• A disaster recovery system not in place
• Approved legislative documents:	• Obsolete hardware still present
• Reviewed ICT Policies;	• No offsite backups are not in place
• ICT Governance Framework and Disaster Recovery Policy	• Budget constraints • Data cleansing
• ICT SOP's.	• Need for electronic systems e.g Performance information and Collaborator

TABLE 29: HIGHLIGHTS AND CHALLENGES OF ICT SERVICES

The ICT department is working towards full compliance in terms of section 75 of the MFMA regarding information that must be placed on the municipal website.

Municipal Website: Content and Currency of Material	
Documents published on the Municipality 's / Entity's Website	Yes / No
Current annual and adjustments budgets and all budget-related documents	YES

All current budget-related policies	YES
The previous annual report	YES
The annual report	YES
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act) and resulting scorecards	YES
All long-term borrowing contracts	YES
All supply chain management contracts above a prescribed value (give value) for Year	YES
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4)	YES
Contracts agreed in Year to which subsection (1) of section 33 apply, subject to subsection (3) of that section	YES
All quarterly reports tabled in the council in terms of section 52 (d) during Year	YES

TABLE 30: SECTION 75 CHECKLIST OF THE MFMA

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No community satisfaction surveys have been conducted although the Municipality has high regard for the complaints system and all possible measures are taken to ensure that complaints are attended to in the shortest possible time and that feedback is given to the complainant. The Municipality has acquired the electronic IGNITE complaints system for improved monitoring of complaints.

CHAPTER 3 – BASIC SERVICE DELIVERY PERFORMANCE INFORMATION

OVERVIEW OF PERFORMANCE WITHIN THE ORGANISATION

Performance management is a process which measures the implementation of the organisation's strategy. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level performance management is institutionalized through the legislative requirements on the performance management process for Local Government. Performance management provides the mechanism to measure whether targets to meet its strategic goals, set by the organisation and its employees, are met.

The Municipal Systems Act (MSA), 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) requires the Integrated Development Plan (IDP) to inform the municipal budget and to be monitored for the performance of the budget against the IDP via the Service Delivery and the Budget Implementation Plan (SDBIP).

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players."

Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organization as well as the external service providers and the Municipal Entities. This framework, inter alia, reflects the linkage between the IDP, Budget, SDBIP and individual and service provider performance.

LEGISLATIVE CONTEXT

In terms of section 46(1) (a) a Municipality must prepare for each financial year a performance report reflecting the Municipality's and any service provider's performance during the financial year, including comparison with targets of and with performance in the previous financial year. The report must, furthermore, indicate the development and service delivery priorities and the performance targets set by the Municipality for the following financial year and measures that were or are to be taken to improve performance.

ORGANISATIONAL PERFORMANCE

Strategic performance indicates how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is efficient, effective and economical. Municipalities must develop strategic plans and allocate resources for the implementation.

The implementation must be monitored on an on-going basis and the results must be reported on during the financial year to various role-players to enable them to timeously implement corrective measures where required.

This report highlight the strategic performance in terms of the Municipality's Top Layer Service Delivery Budget Implementation Plan (SDBIP), high level performance in terms of the National Key Performance Areas, performance on the National Key Performance Indicators prescribed in terms of section 46 of the Municipal Systems Act, 2000 and an overall summary of performance on a functional level and municipal services.

INTRODUCTION TO STRATEGIC AND MUNICIPAL PERFORMANCE FOR 2017/2018

The purpose of strategic performance reporting is to report specifically on the implementation and achievement of IDP outcomes. This section should provide an overview on the strategic achievement of a Municipality in terms of the strategic intent and deliverables achieved as stated in the IDP. The Top Layer (strategic) SDBIP is the Municipality's strategic plan and shows the strategic alignment between the different documents. (IDP, Budget and Performance Agreements). Please note this section of performance information is subject to change after final audit report has been issued.

In the paragraphs below the performance achieved is illustrated against the Top Layer SDBIP according to the Strategic Objectives linked to the Municipal KPA's. The following table explains the method by which the overall assessment of actual performance against targets set for the key performance indicators (kpi's) of the SDBIP is measured:

PDO 1: To provide access to reliable infrastructure that will contribute to a higher quality of life for Kannaland citizens

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
*NK PI 1	KPA1: Reliable infra-structure	Financial Services	The percentage of the municipality's capital budget actually spent on capital projects by 30 June 2019 {(Actual amount spent on projects /Total amount budgeted for capital projects)X100}	% of capital budget spent on capital projects by 30 June 2019. (Amount actually spent on capital infrastructural pro-jects/ amount budgeted for capital projects) x100]	Input	94.58 %	100%	94.58 %	100%	70%	Target Partially achieved	The under performance in capital expenditure is a result of projects that rolled over to the 2019/20 financial year to be completed.	The municipality will improve its project Management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	The calculation was based on the final AFS submitted to the AG: (As per disclosure note 40.3 to the annual financial statements, a percentage of 70% was determined as follows: Actual expenditure: R17 612 449; Capital budget: R25 119 200; and Percentage spent: 70%.

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
* KPI 32	KPA1: Reliable Infra-structure	Technical Services	Upgrade of the existing groundwater infrastructure at Swartberg river by 30 September 2018	Increase water storage and supply through the new constructed pipeline across the Swartberg River	Output	New KPI	-	-	1	1	Target achieved	The indicator definition make defined the kpi as "Increase water storage and supply through the new constructed pipeline across the Swartberg River". According the progress report this portion of the Swartberg project was completed between end June 2018 and handover within the first quarter in 2018/19, under planned milestones (This is stated as additional emergency projects to be implemented).	Management will ensure target dates are accurate and achievable in future. Adjustments will be made to the sdbip accordingly in cases where performance are tracked early to determined proper achievements	Progress Report

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 34	KPA1: Reliable Infra-structure	Technical Services	Upgrade the water reticulation in Zoar by 28 February 2019	Project completed	Output	New KPI	-	-	1	0	Target not achieved	Project will be completed during the 2019/20 financial year. Contractor failed to meet his contractual obligations towards the project. The Municipality is currently in decision to terminate the contractor's contract.	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Proof that project was stopped and reasons there off
KPI 35	KPA1: Reliable Infra-structure	Technical Services	Construct new floodlights for the sport field in Bergsig, Calitzdorp by 30 June 2019	Project completed	Output	New KPI	-	-	1	0	Target not achieved	Project had additional funding approved therefore it will only be completed during 2019/20 FY	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Proof of approved finding allocation and letter that states the project be completed in the 2019/20 financial year

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 36	KPA1: Reliable Infra-structure	Technical Services	Construct street lighting in Van Wyksdorp Greenhills area by 30 June 2019	Project completed	Output	New KPI	-	-	1	0	Target not achieved	Project had additional funding approved therefore it will only be completed during 2019/20 FY	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Proof of approved finding allocation and letter that states the project be completed in the 2019/20 financial year
KPI 37	KPA1: Reliable Infra-structure	Technical Services	Conduct a water availability study for Calitzdorp and submit recommendations to Council 30 June 2019	Recommendations submitted to Council	Output	New KPI	-	-	1	0	Target not achieved	Project had additional funding approved therefore it will only be completed during 2019/20 FY	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Proof of approved finding allocation and letter that states the project be completed in the 2019/20 financial year

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 38	KPA1: Reliable Infra-structure	Technical Services	Upgrade the Zoar sportfield (phase 2) by 31 March 2019	Project completed	Output	New KPI	-	-	1	0	Target not achieved	Project had additional funding approved therefore it will only be completed during 2019/20 FY	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Proof of approved finding allocation and letter that states the project be completed in the 2019/20 financial year
KPI 39	KPA1: Reliable Infra-structure	Technical Services	Spend 90% of RBIG grant funding (Ladismith WWTW and New Dam)by 30 June 2019	% budget spent	Output	New KPI	-	-	90%	0%	Target not achieved	KPI and target was set at the planning phase, however funding was withdrawn by Department of water and sanitation. This KPI wil no longer serve as planned.	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Proof of letter where funds were withdrawn by DWS Evidence was submitted to the AG wrt the communication on various igr platforms where the issue of the rbig funding.

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
*KPI 40	KPA1: Reliable Infra-structure	Technical Services	Spend 90% of WSIG grant funding (Calitzdorp Bloekomlaan Reservoir repairs) by 30 June 2019	% budget spent	Output	New KPI	-	-	90%	63%	Target Partially Achieved	Accumulative expenditure till June 2019. Delay in approval on way leave application for pipeline along the R62. Approval on wayleave received, contractor was informed to proceed with construction. Project to be completed during 2019/20 .	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	Expenditure Report

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
*KPI 41	KPA1: Reliable Infra-structure	Technical Services	Spend 100% of MIG grant funding by 30 June 2019	% budget spent	Output	New KPI	-	-	100%	100%	Target achieved	Projects successfully completed. As per finding in comaf 45 it was stated that the APR reflect an untrue % of the spending. However it must be noted that the kpi make reference to the MIG funding expenditure for the financial year and not the % of progress of projects. The projects listed in the MIG annual Report is multi-year projects. Please note on table 1 in the Annual report the 18/19 fy allocation vs expenditure.	None	MIG Annual Report which is already submitted to the AG for inspection.

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 42	KPA1: Reliable Infra-structure	Technical Services	Complete the main substation in Ladismith (20 Mva transformer) by 30 June 2019	Main substation completed	Output	New KPI	-	-	1	1	Target achieved	Project successfully completed	None	Completion Certificate
*KPI 43	KPA1: Reliable Infra-structure	Corporate Services	Complete the pre-planning phase (erf 95/0) of the Ladismith Parmalat housing project by 30 June 2019	Pre-planning completed	Output	New KPI	-	-	1	0	Target not achieved	The pre-planning phase is where the application is developed before submitted to the Provincial Department for funding in order to execute the planning. Application was initiated by the municipality. Although the kpi make reference to completion of a pre-planning phase report, an additional letter from the WC Provincial Department stating they have received the delivery targets for 2018/19.	Verification will be done by the IDP/PM Coordinator together with the Municipal Manager in order to avoid typing errors, incorrect phrases and inappropriate evidence that does correspond to the actual reported information and to avoid errors in the APR.	Pre-planning report and cover letter from the WC Provincial Department

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
*KPI 44	KPA1: Reliable Infra-structure	Corporate Services	Complete the pre-planning phase of the Zoar 100 infill housing project (erf 1834) by 30 June 2019	Pre-planning completed	Output	New KPI	-	-	1	1	Target achieved	The pre-planning phase is where the application is developed before submitted to the Provincial Department for funding in order to execute the planning. Application was initiated by the municipality. Although the kpi make reference to completion of a pre-planning phase report, an additional letter from the WC Provincial Department stating they have received the delivery targets for 2018/19.	Verification will be done by the IDP/PM Coordinator together with the Municipal Manager in order to avoid typing errors, incorrect phrases and inappropriate evidence that does correspond to the actual reported information and to avoid errors in the APR.	Pre-planning report and cover letter from the WC Provincial Department

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
*KPI 45	KPA1: Reliable Infra-structure	Corporate Services	Complete the pre-planning phase of the subdivision of (Erf 1416) in Zoar by 30 June 2019	Pre-planning completed	Output	New KPI	-	-	1	1	Target achieved	The pre-planning phase is where the application is developed before submitted to the Provincial Department for funding in order to execute the planning. Application was initiated by the municipality in 2017 and correspondence received in April 2018 acknowledging the pre planning as stated in the kpi. Although the kpi make reference to completion of a pre-planning phase report, an additional letter from the WC Provincial Department stating they have received the delivery targets for 2018/19.	Verification will be done by the IDP/PM Coordinator together with the Municipal Manager in order to avoid typing errors, incorrect phrases and inappropriate evidence that does correspond to the actual reported information and to avoid errors in the APR.	Pre-planning report and cover letter from the WC Provincial Department

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 50	KPA1: Reliable Infra-structure	Corporate Services	Construct 175 top structures in Calitzdorp (Bergsig) by 30 June 2019	Number of houses Constructed	Output	New KPI	-	-	175	0	Target not achieved	The project could not commence due to the drought and beneficiary list that was incomplete. .	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	No evidence for completion of project..
KPI 51	KPA1: Reliable Infra-structure	Corporate Services	Construct a K53 testing course in Ladismith by 30 June 2019	Project completed	Output	New KPI	-	-	1	0	Target not achieved	Although progress has been made in terms of discussions with the engineers who will do the pre planning phase, hence the target for completion did not commenced during the year under review	The municipality will improve its project management capacity and enhance the oversight and monitoring over the implementation of infrastructure to ensure that the indicator is achieved.	No evidence for completion of project..

TABLE 31: PDO 1: TO PROVIDE ACCESS TO RELIABLE INFRASTRUCTURE THAT WILL CONTRIBUTE TO A HIGHER QUALITY OF LIFE FOR KANNALAND CITIZEN'S

PDO 2: To provide adequate Services and improve our Public relations

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 33	KPA2: Service Delivery	Technical Services	95% percent of water samples comply with SANS 241 by 30 June 2019 (number of sample taken / number of samples that comply) x100	Percentage (%) water samples taken of which the quality conforms to SANS 241. If 100 samples taken and 95 complies, then 95/100 = 95% compliance, which are the targets set.	Output	New KPI	-	-	95%	95%	Target achieved	Target achieved	None	Water samples that comply with the SANS 241
NKPI 2	KPA2: Service Delivery	Financial Services	Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2019	Number of residential properties which are billed for water (debtors listing)	Input	4873	4480	4,873	4870	4915	Exceeding performance target	Target achieved	None	Samras Debtors listing
NKPI 3	KPA2: Service Delivery	Financial Services	Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2019	Number of residential properties which are billed for electricity or have pre-paid meters. (Debtors list only where electricity is provided - Ladismith and Calitzdorp)	Input	3789	450 - Conventional 2215 - Prepaid	3789	2665	3530	Exceeding performance target	Number of residential properties which are billed for electricity or have pre-paid meters as at 30 June 2019 Conventional 439 Pre-paid - 3091	None	Samras Debtors listing

*NKPI 4	KPA2: Service Delivery	Financial Services	Number of formal residential properties connected to the municipal waste water sanitation/sewerage network billed for the service as at 30 June 2019	Number of residential properties which are billed for sewerage (Debtors listing)	Input	4434	4400	4434	4373	4459	Exceeding performance target	Target achieved. According to comaf 45, after inspection of information, a difference was identified in the reported information. This was a result of a typing error. This is It has been adjusted accordingly in the APR	Management's validation, monitoring and review processes will ensure that reported information are validated in terms of the outputs of performance for the above indicators. This will eliminate the misstatements and errors in the APR.	Samras Debtors listing
*NKPI 5	KPA2: Service Delivery	Financial Services	Number of formal residential properties for which refuse is removed once per week and billed for the service as at 30 June 2019	Number of residential properties which are billed for refuse removal	Input	4778	4470	4778	4716	4861	Exceeding performance target	Target achieved. According to comaf 45, after inspection of information, a difference was identified in the reported information. However the evidence stated 4861 and not 4802	Management's validation, monitoring and review processes will ensure that reported information are validated in terms of the outputs of performance for the above indicators.	Samras Debtors listing

												as noted in the comaf. It has been adjusted accordingly in the APR	This will eliminate the misstatements and errors in the APR.	
NKPI 6	KPA2: Service Delivery	Financial Services	Number of residential , business, industrial and agricultural properties that are levied for property rate in terms of the valuation role by 30 June 2019	Number of residential , business, industrial and agricultural properties that are levied	Input	NEW KPI	-	-	Businesses - 258 Residential- 4334 Agriculture -3714 Churches - 88 Industrial - 20 Old houses - 5 Municipality - 1252	9865	Exceeding performance target	Target achieved According comaf 45, it was stated that the actual be reported as listed in the actual colom. It must be noted that the ignite system did not make provision to list the info per categories as per the target.	None	Samras Debtors listing
*NKPI 7	KPA2: Service Delivery	Financial Services	Number of Households with access to free basic services (as per Indigent Register) by 30 June 2019	Number of Households with access to free basic services (as per Indigent Register)	Input	2388	2300	2388	2382	2572	Exceeding performance target	Target achieved. According to comaf 45, after inspection of information, a difference was identified in the reported	Management's validation, monitoring and review processes will ensure that reported information are validated in terms of the outputs of performance	Samras Debtors listing

												information. This was a result of a typing error. This is It has been adjusted accordingly in the APR	for the above indicators. This will eliminate the misstatements and errors in the APR.	

TABLE 32: PDO 2: TO PROVIDE ADEQUATE SERVICES AND IMPROVE OUR PUBLIC RELATIONS

PDO 4: To facilitate economic growth and social and community development

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 23	KP4: Local Economic Development	Office of the MM	Review the LED Strategy and submit to Council 31 March 2019	LED strategy submitted to Council	Output	New KPI	-	-	1	0	Target not achieved	The current LED strategy should be re-developed, workshopped with councilors as the latest statistics and economic growth opportunities be incorporated in the new strategy. Business proposals will be compiled and submitted to ensure a credible and effective strategy for the municipality	Indicators will be set as per the smart principle and monitored by manageme nt accordingly	N/A
KPI 28	KP4: Local Economic Development	Office of the MM	Develop a Tourism Strategy for the municipal area and submit to Council by 31 March 2019	Tourism strategy submitted to Council	Output	New KPI	-	-	1	0	Target not achieved	Lack of funding to appoint a service provider to ensure that a credible strategy be developed and implemented. However this should be included in the final LED strategy.	Indicators will be set as per the smart principle and monitored by manageme nt accordingly	N/A

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 29	KP4: Local Economic Development	Office of the MM	Develop a policy for informal traders/ second economy and submit to council by 31 March 2019	Policy submitted to Council	Output	New KPI	-	-	1	0	Target not achieved	Lack of funding to appoint a service provider to ensure that a credible strategy be developed and implemented. However this should be included in the final LED strategy.	Indicators will be set as per the smart principle and monitored by management accordingly	N/A
KPI 30	KP4: Local Economic Development	Office of the MM	Develop a strategy for rural and agricultural development and submit to Council by 31 March 2019	Strategy developed	Output	New KPI	-	-	1	0	Target not achieved	Lack of funding to appoint a service provider to ensure that a credible strategy be developed and implemented. However this should be included in the final LED strategy.	Indicators will be set as per the smart principle and monitored by management accordingly	N/A

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 31	KP4: Local Economic Development	Office of the MM	Develop a Green economy strategy and submit to Council by 31 March 2019	Submitted to Council	Output	New KPI	-	-	1	0	Target not achieved	Lack of funding to appoint a service provider to ensure that a credible strategy be developed and implemented. However this should be included in the final LED strategy.	Indicators will be set as per the smart principle and monitored by management accordingly	N/A
NKPI 12	KP4: Local Economic Development	Technical Services	Create job opportunities through the Expanded Public Works Programme (EPWP)	Number of Job opportunities created	Output	103	80	103	130	207	Outstanding performance	Target achieved	None	EPWP report

TABLE 33: PDO 4: TO FACILITATE ECONOMIC GROWTH AND SOCIAL AND COMMUNITY DEVELOPMENT

PDO 5: To promote efficient and effective Governance with high levels of stakeholder participation

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 3	KPA5: Effective and efficient governance	Office of the Municipal Manager	Review and submit the final IDP to Council by 31 May 2019	Review and submit the final IDP to Council by 31 May 2019	Output	1	1	1	1	1	Target achieved	Target achieved	None	Final IDP and resolution on 28 May 2019
KPI 4	KPA5: Effective and efficient governance	Office of the Municipal Manager	Complete the annual risk assessment and submit to the Risk Committee by 31 March 2019	Risk assessment submitted to the Risk Committee	Activity	1	1	1	1	0	Target not achieved	Although the risk register has been compiled, no functional risk committee existed to submit the register to.	Workshops will be arranged with the district to support the municipality with risk management aspects in order to enhance skills transfer to internal staff.	None

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 5	KPA5: Effective and efficient governance	Office of the Municipal Manager	Compile an Annual Audit Plan and submit to the Audit Committee by 30 June 2019	Annual Audit Plan submitted Audit Committee	Activity	1	1	1	1	1	Target achieved	Target achieved	N/A	N/A
KPI 6	KPA5: Effective and efficient governance	Office of the Municipal Manager	Submit quarterly SDBIP reports to the Mayor	Number of reports submitted	Output	4	4	4	4	4	Target achieved	Target achieved	None	Monthly reports
KPI 7	KPA5: Effective and efficient governance	Office of the Municipal Manager	Compile a Performance Management Framework and submit to Council for approval by	Performance Management Framework submitted to Council	Output	1	1	1	1	1	Target achieved	Target achieved	None	Item submitted to council
KPI 8	KPA5: Effective and efficient governance	Office of the Municipal Manager	Compile and submit the three year Risk Based Audit Plan (RBAP) to the Audit Committee	RBAP submitted to the Audit Committee	Output	1	1	1	1	1	Target achieved	Target achieved	None	Proof of submission

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 9	KPA5: Effective and efficient governance	Office of the Municipal Manager	Update the Contract Register quarterly	Number of updates conducted	Activity	New KPI	-	-	4	4	Target achieved	Target achieved.	None	Signed off updated Contract Register
KPI 20	KPA5: Effective and efficient governance	Office of the Municipal Manager	Conduct daily (working days) back-ups of all systems and databases in terms of the IT Policy	Daily back-ups conducted	Activity	New KPI	-	-	249	265	Exceeding performance target	Target achieved.	None	Log of daily back-ups
KPI 22	KPA5: Effective and efficient governance	Office of the Municipal Manager	Compile and submit the Draft Annual Report to Council by 31 January 2019	Draft Annual Report submitted to Council	Activity	1	1	1	1	1	Target achieved	Target achieved.	None	Agenda submitted to council
KPI 24	KPA5: Effective and efficient governance	Office of the Municipal Manager	Develop and distribute quarterly external municipal newsletters	Number of quarterly newsletter distributed	Activity	New KPI	-	-	4	4	Target achieved	Target achieved.	None	Proof of publication of draft and final IDP

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 25	KPA5: Effective and efficient governance	Office of the Municipal Manager	Facilitate bi-annual public participation sessions to obtain inputs for the IDP and Budget process	Number of sessions facilitated	Activity	New KPI	-	-	8		Target achieved	Target achieved.	None	Attendance registers
KPI 26	KPA5: Effective and efficient governance	Office of the Municipal Manager	Develop and sign agreements of the s57 managers by 31 July 2018	Agreements of the s57 managers signed	Activity	3	3	3	3	3	Target achieved	Target achieved.	None	Signed agreements
KPI 27	KPA5: Effective and efficient governance	Office of the Municipal Manager	Publish the draft IDP on the municipal website within 10 days after approval by Council	Draft IDP published	Activity	NEW KPI	-	-	1	1	Target achieved	Target achieved.	None	Proof of notice

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 46	KPA5: Effective and efficient governance	Corporate Services	Review the (Spatial Development Framework) SDF and submit to Council by 31 March 2019	SDF submitted to Council	Activity	NEW KPI	-	-	1	0	Target not achieved	Engagements was held with the department of environmental affairs to discuss the amending of the sdf. This process will be completed in 2019/20 financial year as a detailed environmental analysis and work shops with councilors still needs to be done. Kannaland does not have a town planner and will be working in collaboration with sector departments.	Funding will be sourced to appoint a professional service provider to amend and aligned the sdf accordingly.	None
KPI 47	KPA5: Effective and efficient governance	Corporate Services	Submit the Draft Kannaland Zoning Scheme to Council by 31 March 2019	Zoning Scheme submitted to Council	Activity	NEW KPI	-	-	1	0	Target not achieved			

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
K48	KPA5: Effective and efficient governance	Corporate Services	Review the System of delegations and submit to Council by 31 March 2019	System of delegations submitted	Activity	NEW KPI	-	-	1	1	Target achieved	Target achieved.	None	Agenda of Council meeting
KPI 52	KPA5: Effective and efficient governance	Corporate Services	Sign a partnership agreement with Department Social Development for Community and Social Development Programmes by 30 September 2019	Agreement signed	Activity	NEW KPI	-	-	1	1	Target achieved	Target achieved.	None	Signed MOA

TABLE 34: PDO 5: TO PROMOTE EFFICIENT AND EFFECTIVE GOVERNANCE WITH HIGH LEVELS OF STAKEHOLDER PARTICIPATION

PDO 6: To provide an efficient workforce by aligning our institutional arrangements to our overall strategy

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 10	KPA 6: Efficient Workforce	Corporate Services	Establish a disciplinary broad by 31 December 2018	Disciplinary broad established	Input	NEW KPI	-	-	1	1	Target achieved	Target achieved.	None	Minutes of meeting
KPI 49	KPA 6: Efficient Workforce	Corporate Services	Limit the vacancy rate to less than 20% of budgeted vacancies by 30 June 2019	% vacancies	Input	36%	100%	36%	20%	33.37%	Target not achieved	The municipality is in process reviewing its organisational structure	The municipality is in process reviewing its organisational structure	N/A

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
NKPI 13	KPA 6: Efficient Workforce	Corporate Services	The percentage of the municipality's personnel budget actually spent on implementing its workplace skills plan by 30 June 2019[(Actual amount spent on training/total operational budget)x100]	% of the municipality's personnel budget spent	Input	0	95%	0	0.3%	0%	Target not achieved	N/A	N/A	N/A
NKPI 14	KPA 6: Efficient Workforce	Corporate Services	Number of people from employment equity target groups that will be appointed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number of people from employment equity target groups employed	Input	C = 2 A = 0 W = 1 Dsl = 1	No equity plan or target set	-	3	3	Target achieved	Target achieved.	None	Service Contracts

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 53	KPA 6: Efficient Workforce	Corporate Services	Submission of the Workplace Skills Plan (WSP) by April	Submission of the WSP by 30 April	Activity	New KPI	-	-	1	1	Target achieved	Target achieved.	None	WSP

TABLE 35: PDO 6: TO PROVIDE AN EFFICIENT WORKFORCE BY ALIGNING OUR INSTITUTIONAL ARRANGEMENTS TO OUR OVERALL STRATEGY

PDO 7: To strive towards a financially sustainable municipality

Please note that the financial data is based on unaudited Annual Financial Statements and is therefore subject to amendment as per audited AFS.

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 1	KPA7: Financial Viability	Financial Services	Submit a quarterly report on the financial recovery plan to Council	Number of reports submitted		4	4	4	4	4	Target achieved	Target achieved	None	Agenda of Council meeting
KPI. 2	KPA7: Financial Viability	Financial Services	Submit a quarterly report on the financial improvement plan to Council	Number of reports submitted	Input	4	4	4	4	4	Target achieved	Target achieved	None	Agenda of Council meeting
KPI. 11	KPA7: Financial Viability	Financial Services	Achieve 85% year to date collection rate of revenue billed by 30 June 2019 (Total revenue collected / total billed)x100	% collection rate achieved	Input	126%	80%	126%	85%	84%	Target Partially achieved			Financial System reports

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
NKPI 8	KPA7: Financial Viability	Financial Services	Financial viability measured in terms of the available cash to cover fixed operating expenditure as at 30 June 2019((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization, and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Number of months it takes to cover fix operating expenditure with available cash	Input	-0.09:1	2.1:1	-0.09:1	1	1	Target achieved	Target achieved	None	AFS

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
NKPI 10	KPA7: Financial Viability	Financial Services	Financial viability measured in terms of the outstanding service debtors as at 30 June 2019 ((Total outstanding service debtors/ revenue received for services)X100)	% of outstanding service debtors (total outstanding debtors refers to total net debtors)	Outcome	57%	25%	57%	87%	22%	Target not achieved	Management will ensure that recons be done on a timely manner to ensure credible ratios are produced.	With the appointment of a accountant reporting an BTO manager financial issues ito calculating the ratios will ensure credible information	AFS
NKPI 11	KPA7: Financial Viability	Financial Services	Financial viability measured in terms of the municipality's ability to meet it's service debt obligations as at 30 June 2019 ((Short Term Borrowing + Bank Overdraft + Short Term Lease + Long Term Borrowing + Long Term Lease) / Total Operating Revenue -	% of debt coverage	Input	0.02:1	2.5:1	0.02:1	6,29%	N?A	Target not achieved	Management will ensure that recons be done on a timely manner to ensure credible ratios are produced.	With the appointment of a accountant reporting an BTO manager financial issues ito calculating the ratios will ensure credible information	AFS

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
			Operating Conditional Grant))											
KPI. 12	KPA7: Financial Viability	Financial Services	Conduct monthly reconciliation of the bank account within 10 working days	Number of monthly reconciliation conducted within 10 working days	Input	12	12	12	12	12	Target achieved	Target achieved	None	Signed off reconciliations
KPI 13	KPA7: Financial Viability	Financial Services	Submit draft budget related policies to Council by 31 March 2019	Number of policies submitted		NE KPI	-	-	5	5	Target achieved	Target achieved	None	Agenda of Council meeting
KPI 14	KPA7: Financial Viability	Financial Services	Submit a progress report on the implementation of the SCM Policy and AG findings with recommendations to the MM, quarterly within 10 working days	Number of reports submitted		NEW KPI	-	-	4	4	Fully Effective	Target achieved	None	Proof of submission

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI 15	KPA7: Financial Viability	Financial Services	Conduct a monthly reconciliation of assets by the 10th of each month	Number of reconciliation conducted	Activity	NEW KPI	-	-	12	0	Target not achieved	Due to unbalanced figures of the prior year, the recons could not be performed. Service providers will be assisted to do asset counts and recons	FAR to be integrated into the SAMRAS FAR.	None
KPI. 16	KPA7: Financial Viability	Financial Services	Submit the Section 71 reports to the Mayor and Provincial Treasury within 10 working days after each month	Number of reports submitted	Activity	12	6	6	12	12	Target achieved	Target achieved	None	Proof of submission

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI. 17	KPA7: Financial Viability	Financial Services	Submit the approved financial statements to the AG by 31 August 2019	Approved financial statements submitted	Activity	1	1	1	1	0	Target not achieved	The municipality request for extension of current AFS from the Auditor General in order to submit credible financial information to be audited.	Staff capacity has been improved by appointing reporting and BTO officials with the necessary capabilities to ensure the municipality adhere to legislative deadlines	None
KPI 18	KPA7: Financial Viability	Financial Services	Submit the Section 52 report to Council and Provincial Government within 10 working days after each quarterly	Section 52 report submitted	Activity	4	4	4	4	4	Target achieved	Target achieved	None	Section 52 reports submit to council

IDP reference	KPA	Department	Indicator	Unit of Measurement	Type	Baseline	Performance Comparison of prior and current financial years							
							Prior year's performance 2017/2018		Overall Performance for 2018/2019					
							Annual Target	Annual Actual	Annual Target	Annual Actual	Achieved	Performance Comment	Corrective Measures	Proof of Evidence
KPI. 19	KPA7: Financial Viability	Financial Services	Submit the final Budget to Council by 31 May 2019	Final budget submitted	Activity	1	1	1	1	1	Target achieved	Target achieved	None	Final budget reports submit to council
KPI 21	KPA7: Financial Viability	Financial Services	Submit the Section 72 (mid-year) report to the Mayor by 25 January 2019	Section 72 report submitted	Activity	1	1	1	1	1	Target achieved	Target achieved	None	Section 72 reports submit to council

TABLE 36: PDO 7: TO STRIVE TOWARDS A FINANCIALLY SUSTAINABLE MUNICIPALITY

COMPONENT A: BASIC SERVICES:

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services. Please note that the municipality is in process of comparing the municipal statistics to MERO and LGSEP statistics to ensure proper alignment.

3.1 WATER PROVISION

The table below indicates the access to water from 2017/18 and 2018/19 per financial year.

Water Service Delivery Levels Households		
Description	**2017/18**	**2018/19**
***Water:* (above min level)**		
Piped water inside dwelling	4889	4915
Piped water inside yard (but not in dwelling)(backyard dwellers)	0	0
Using public tap (within 200m from dwelling)	0	0
Other water supply (within 200m)		
Minimum Service Level and Above sub-total	4889	
Minimum Service Level and Above Percentage		
***Water:* (below min level)**		
Using public tap (more than 200m from dwelling)	231	
Other water supply (more than 200m from dwelling	49	
No water supply		
Below Minimum Service Level sub-total	280	
Below Minimum Service Level Percentage		
Total number of households*	5569	4915

TABLE 37: WATER SERVICE DELIVERY LEVELS – SOURCE: SAMRAS (MUNICIPAL STATISTICS)

Ladismith:

All households have access to basic water services which means that water is available within 200 meters from their dwellings/houses. All the houses in the urban areas of Kannaland Municipality are provided with individual water connections except for informal areas. Stand pipes are provided in the informal areas as a temporary emergency service.

Due to budget constraints the Municipality applied for funding support to ensure water security projects could been enabled. The following measures were put in place for the different support:

- Business plans have been submitted for approval for a new 3 mega-litre reservoir;

- Additional boreholes drilling and equipping. It must be noted that operating boreholes is expensive because of the associated electricity cost;
- Refurbishment of old piped networks.

During the year under review, the Municipality faced a severe drought period which hampered service delivery hence we still try our utmost best to deliver the necessary services to our residents concerning for example the the availability of water. Enforcement of water restrictions remain a challenge due to absence of a by-law.

Water was provided to farm areas e.g Warmbad, St Helena, Baviaanskraans, Kerkplaas, Dankoord and Voorbaat (indigents) by means of water tanks at no costs to enable them to make use of water.

In this desperate period 12 boreholes were switched on which pump 34 liters per second which was transferred to the reservoirs in Ladismith. Numerous awareness campaigns with the support of Local Government has been conducted as well as water restrictions have been communicated to the water users. Water was provided in poor areas

The current water losses are 40.19% and below is the reasons and remedial actions to reduce the losses to the norm: Ladismith 49,66%, Calitzdorp 19,74 % ,Van Wyksdorp 53,67% en Zoar 33,70%

- Faulty meters
- Leakages on existing pipelines and reservoirs
- By-pass on water meters
- Unaccounted water losses

The Municipality adopt a meter replacement strategy with the assistance of MISA. This intervention resulted that all faulty meters be replaced. During the year a water meter audit was conducted to identify all faulty meters, by-passed meters and water which were unaccounted in different areas.



The Municipality plans to upgrade the water networks within the municipal area to secure water usage as well the storage thereof.
Below is a layout of where the Swartberg Dam will be located. The Municipality re-submitted business plan to the Department of Water and Sanitation to unlock this catalytic project.



FIGURE 3: LOCATION OF THE PROPOSED SWARTBERG DAM

The table below indicates the total use of water by sector in kilolitres from 2017/18 and 2018/19 per financial year

Total Use of Water by Sector 2017/18 and 2018/19				
Years	Commercial	Industrial	Domestic	Unaccountable water losses (R)
2017/2018	76 336	334 552	694 667	-802 446
2018/19	-	402 000	677 000	873 000

TABLE 38: TOTAL USE OF WATER BY SECTORS – SOURCE: SAMRAS (MUNICIPAL STATISTICS)

The table below indicates all highlights, challenges and interventions incurred by the municipality:

HIGHLIGHTS	CHALLENGES	INTERVENTIONS
In process of construction of a 1 Ml reservoir in Zoar	Budget constraints to – own funding. All projects is mainly dependable from government funding. Aging fleet hampered the time on service delivery, however we managed to adhere to all complains from the community.	Business plan applications submitted to relevant sector departments. Daily operational work done by the Infrastructure services team.
In process of construction of a 1.5 Ml reservoir in Calitzdorp		
Upgrade of the water treatment works (WTW) in Calitzdorp		
Redrill and equipped of one borehole in Zoar		
Refurbishment of the Zoar WTW		
Completion of the Swartberg groundwater augmentation		
Awareness of water consumption – To educate the community		

The tables below indicates the financial performance, capital expenditure and performance information (strategic objectives), for 2017/18 and 2018/19 financial year:

The table below indicates the financial performance of water services for the year under review:

Financial Performance 2018/19: Water Services R'000					
Details	2017-2018	2018-2019			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	R17 884 270,00	R24 274 225,00	R15 731 419,00	-14%
Expenditure:					
Employees	0	R4 349 310,00	R3 874 310,00	R3 411 292,87	-27%
Repairs and Maintenance	0	R0,00	R0,00	R0,00	0%
Other	0	R8 849 042,83	R9 543 163,00	R8 849 042,83	0%
Total Operational Expenditure	0	R7 561 030,00	R9 543 163,00	R13 198 352,83	43%
Net Operational Expenditure	0	R10 323 240,00	R14 731 062,00	R2 533 066,17	-308%

TABLE 39: FINANCIAL PERFORMANCE OF WATER SERVICES - 2018/19 - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

The table below indicated the capital expenditure for the year under review:

Capital Expenditure 2018-2019: Water Services					
					R' 000
Capital Projects	2018-2019				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	15497	15497	15497	0%	
Water reticulation	4252	4252	4252	0%	
Drought relief	3245	3245	3245	0%	
Bloekomlaan Reservoir	8000	8000	8000	0%	
Project D				#DIV/0!	

TABLE 40: CAPITAL EXPENDITURE OF WATER SERVICES – 2018/19 - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

The table below indicates the water services policy objectives taken from the IDP:

Water Service Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2017/2018		2018/19	
		Target	Target		
Number of formal residential properties that receive piped water that is connected to the municipal water infrastructure network and billed for the service as at 30 June 2019	Number of residential properties which are billed for watermeters (debtors listing)	4480	4480	4870	4915

TABLE 41: WATER SERVICE POLICY OBJECTIVES TAKEN FROM THE IDP - 2017/18 AND 2018/19 - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

3.2 WASTE WATER (SANITATION) PROVISION

Sanitation:
The majority of households are connected to waterborne sanitation systems in the Kannaland area. The Municipality is intending to replace all bucket systems with water borne system,

however funding needs to be sourced to implement this project. No major infrastructure projects was executed due the lack of funding to support the projects.

Sanitation Service Delivery Levels		
***Households**		
Description	**2017/18**	**2018/19**
	Outcome	Outcome
	No.	No.
Sanitation/sewerage: **(above minimum level)**		
Flush toilet (connected to sewerage)	4245	4459
Flush toilet (with septic tank)	189	-
Chemical toilet	0	-
Pit toilet (ventilated)	0	-
Other toilet provisions (above min.service level)	0	-
Minimum Service Level and Above sub-total	4434	-
Minimum Service Level and Above Percentage	100,0%	-
Sanitation/sewerage: **(below minimum level)**		-
Bucket toilet	0	-
Other toilet provisions (below min.service level)	0	-
No toilet provisions	0	-
Below Minimum Service Level sub-total	0	-
Below Minimum Service Level Percentage	0,0%	-
Total households	**4434**	**4459**

TABLE 42 - SANITATION SERVICE DELIVERY LEVELS 2017-2018 AND 2018/19- SOURCE: SAMRAS (MUNICIPAL STATISTICS)

The tables below indicates the financial performance and capital expenditure for 2018/19 financial year:

The table below indicates the financial performance for the year under review:

Financial Performance Year 2018/19: Sanitation Services R'000					
Details	Year -1	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue		R18 401 320,00	R9 285 430,00	R6 171 168,17	-198%
Expenditure:					
Employees		R2 819 000,00	R2 819 000,00	R2 340 764,03	-20%
Repairs and Maintenance		R0,00	R0,00	R0,00	
Other		R4 913 330,00	R4 610 920,00	R7 958 976,80	38%
Total Operational Expenditure		R7 732 330,00	R7 429 920,00	R10 299 740,83	25%
Net Operational Expenditure		R10 668 990,00	R1 855 510,00	-R4 128 572,66	358%

TABLE 43: FINANCIAL PERFORMANCE OF SANITAION SERVICES - 2018/19- SOURCE: SAMRAS (MUNICIPAL STATISTICS)

There were no capital funding received for sanitation services for the financial year under review

Below is the policy objectives taken from the IDP for the financial year under review:

Sanitation Service Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2017/2018		2018/19	
		Target	Actual	Target	Actual
Number of formal residential properties connected to the municipal waste water sanitation/sewerage network billed for the service as at 30 June 2019	Number of residential properties which are billed for water meters (debtors listing)	4480	4702	4373	4459

TABLE 44: SANITATION SERVICE POLICY OBJECTIVES TAKEN FROM IDP

3.3 ELECTRICITY

Electricity is the main energy source of households. The Kannaland Municipality is responsible for the provision of electricity to Ladismith and Calitzdorp, whilst Zoar and Van Wyksdorp are supplied by ESKOM.

Kannaland infrastructure is outdated and in need of urgent upgrade. The Municipality has over the past four years invested in new infrastructure to ensure secured electricity distribution to businesses and the community. The current substation in Calitzdorp has an electricity usage capacity of 1.7 MVA and the availability of electricity is 1.2 MVA.

The substation for Ladismith has been completed to secure and ensure the strength of the network is sufficient. However improvement can made made in terms of underground network cabling. This has been listed in the IDP as a priority.

Ladismith:

A need was identified to upgrade the main substation in Ladismith to improve and ensure capacity. The demand for electricity distribution is 20 MVA whilst the current notified demand is 7 MVA in Ladismith.





Calitzdorp:

The current substation in Calitzdorp has an electricity usage capacity of 1.6 MVA and the availability of electricity is 1.6 MVA.

The table below indicates all highlights, challenges and interventions incurred by the municipality:

HIGHLIGHTS	CHALLENGES	INTERVENTIONS
Completion of the upgrade of the Ladismith electricity main sub station	Significant financial constraints: Fleet Lack of staff / training Tools and equipment and materials Safety and security	Submission of applications/business plans to sector departments for funding.

Despite the challenges listed, the municipality provide adequate services to their community and businesses.

It is imperative that the electricity infrastructure be maintained at all times in order to identify where upgrading on aged infrastructure is needed. Upgrading and refurbishment of infrastructure will result in a secure revenue stream as well as quality services delivered to the residents of Kannaland.

Electricity Service Delivery Levels		
Households		
Description	2017/18	2018/19
	Actual	Actual
	No.	No.
Energy: (above minimum level)		
Electricity - Conventional	458	439
Electricity - prepaid	3378	3091
Minimum Service Level and Above sub-total	3836	3530
Minimum Service Level and Abve Percentage	100%	
Energy: (below minimum level)		
Electricity (< min.service level)		
Below Minimum Service Level sub-total		
Below Minimum Service Level Percentage		
Total number of households	3836	3530

TABLE 45 - ELECTRICITY SERVICE DELIVERY LEVELS 2017-2018 AND 2018/19- SOURCE: SAMRAS (MUNICIPAL STATISTICS)

The tables below indicates financial performance and capital expenditure for 2017/18 and 2018/19 financial year:

Financial Performance 2018/19: Electricity Services					R'000
Details	2017/18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	46 778 467,00	51 529 360,00	44 940 084,38	-4%
Expenditure:					
Employees		4 175 836,00	3 589 336,00	3 992 552,94	-5%
Repairs and Maintenance					
Other					
Total Operational Expenditure	0	36 521 941,00	33 746 729,00	39 596 524,81	8%
Net Operational Expenditure	0	-10 256 526,00	17 782 631,00	5 343 559,57	292%

TABLE 46: FINANCIAL PERFORMANCE PER ELECTRICITY SERVICES - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

Capital Expenditure 2018/19: Electricity Services					R' 000
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	306001	306001	292779	-5%	
Ladismith Bulk Electricity	2000	2000	2000	0%	
Calitzdorp New Sportfield Lighting	761	761	761	0%	
Vwd New street lighting	303240	303240	290018	-5%	
Project D				#DIV/0!	

TABLE 47: CAPITAL EXPENDITURE PER ELECTRICITY SERVICES 2018/19 - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

Electricity Service Policy Objectives Taken From IDP					
Service Objectives	**Outline Service Targets**	**2017/2018**		**2018/19**	
		Target	**Actual**	**Target**	**Actual**
Number of formal residential properties connected to the municipal electrical infrastructure network (credit and prepaid electrical metering)(Excluding Eskom areas) and billed for the service as at 30 June 2019	Number of residential properties which are billed for electricity or have pre-paid meters. (Debtors list only where electricity is provided - Ladismith and Calitzdorp)	2665	4364	2665	3530

TABLE 48: ELECTRICITY SERVICE POLICY OBJECTIVES TAKEN FROM THE IDP – 2017/18 AND 2018/19

3.4 WASTE MANAGEMENT

Kannaland Municipality operates four licensed landfill sites. Operational sites are situated in Ladismith and Zoar. The landfill site in Calitzdorp is licensed for closure and therefore only organic waste and building rubble is accepted at this site. Household and business waste from Ladismith, Calitzdorp and Zoar are collected on a weekly basis and disposed at the Ladismith and Zoar Landfill sites. Household and business waste from Vanwyksdorp is collected every weeks and disposed of at the Ladismith landfill site. Factories, namely Ladismith Kaas and Parmalat dispose their waste, mostly commercial and industrial waste at the Ladismith Landfill site at a daily base. The Municipality does not provide waste collection services to farms, but farmers are encouraged to drop off their waste at the various landfill sites.

All 4 landfill sites in Ladismith, Zoar, Calitzdorp and Vanwyksdorp has been suitably licensed during 2018/19 financial year.

Ladismith and Zoar has operational licenses in and Calitzdorp and Vanwyksdorp has been licensed for closure.

The following illustrates all licensed landfill sites:

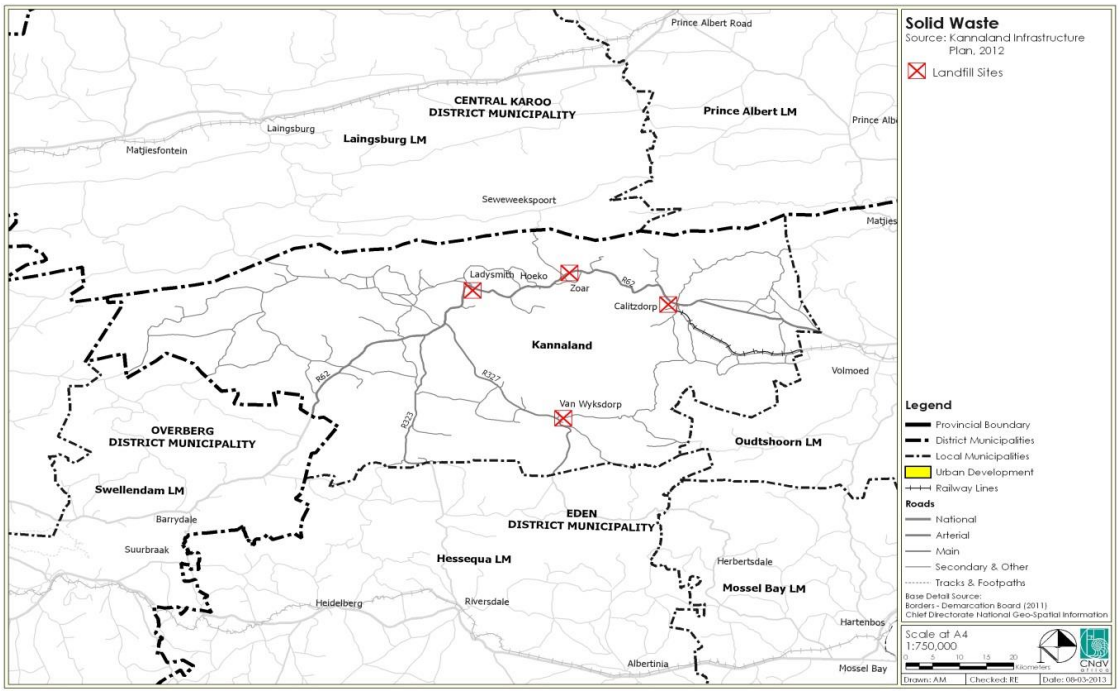
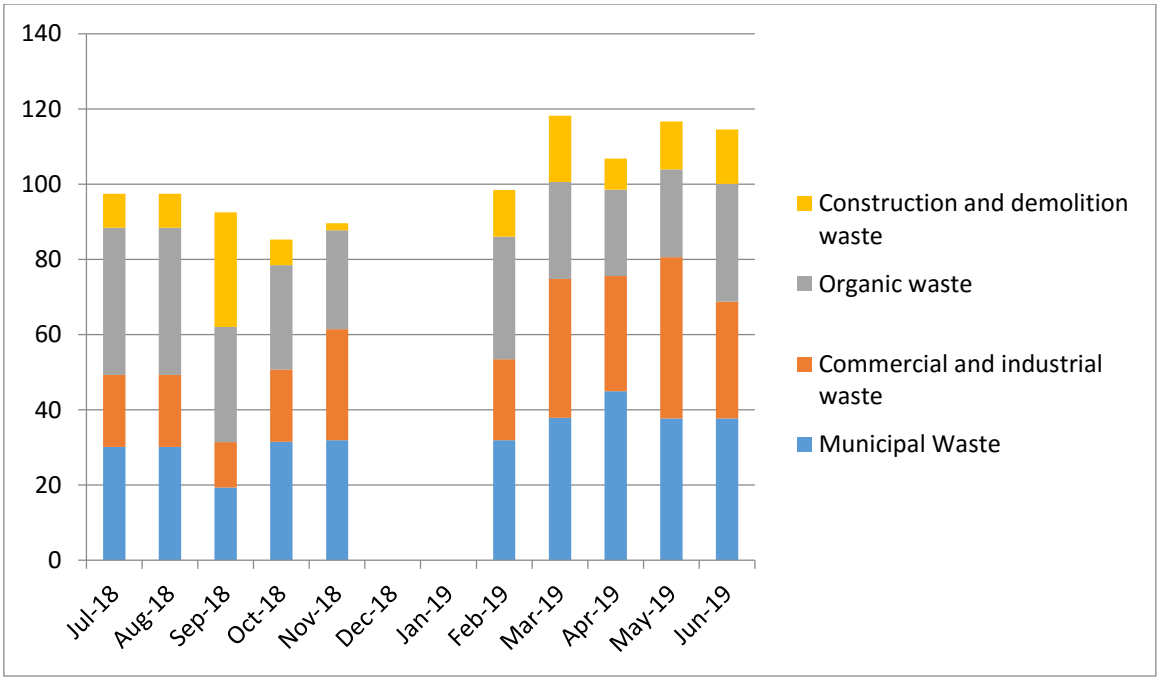


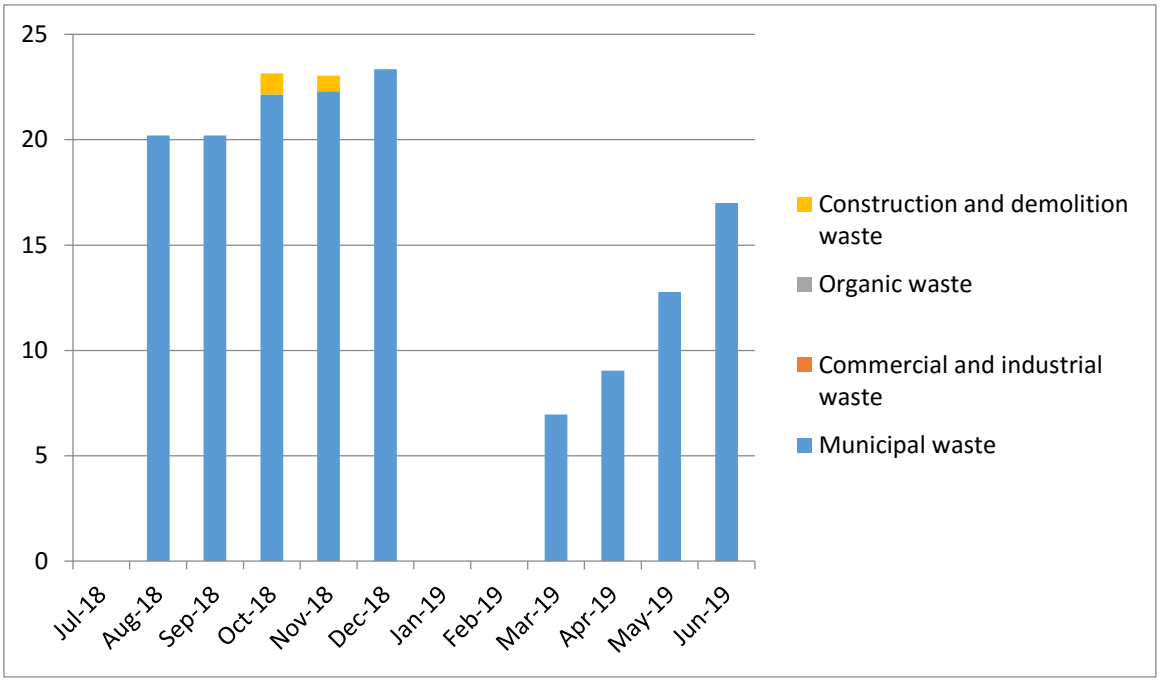
FIGURE 4: LANDFILL SITES – AS INDICATED IN SDF FIGURE 3.4.7.1

The following illustrates the estimated waste which was generated per operational landfill site:

LADISMITH LANDFILL SITE

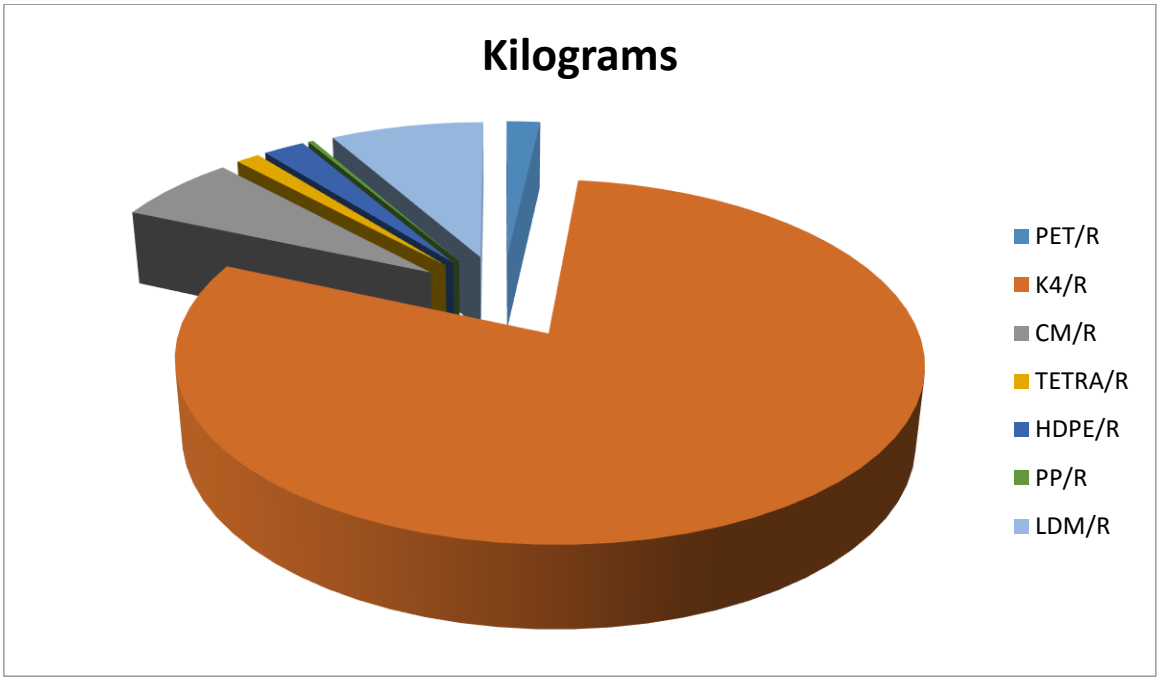


ZOAR LANDFILL SITE



Source: Waste Activity Management Reports

WASTE MINIMISATION BY CLORANS DEVELOPMENT:



YOUTH COMMUNITY OUTREACH PROGRAMME:

The Municipality is in partnership with Department Environmental Affairs and has been awarded the Youth Community Outreach Programme. Through this programme a Youth Environmental Coordinator has been deployed to Kannaland Municipality. A further 22 beneficiaries will be employed from within the municipal area. The Coordinator has been conducting schools audits at various schools identifying environmental needs in schools.

The Coordinator has conducted a schools audit report to establish the needs of the identified schools.

Awareness programs were held during May and June 2019

MAY 2019

Name of the school	Towerkop Primary School
Ages	11-12 years and 12-13 years
Group size	86 (1st group) and 107(2nd group)
Level of education	Grade 6 and Grade 7
Socio-economic background	Middle class
Languages	Afrikaans
Race	Coloured
Knowledge of the topic	Little knowledge about the topic





Showing the learners in Towerkop Primary School during ECO Break demonstration

Environmental Awareness/Education- Hoerskool Ladismith – International Biodiversity Day

Name of the school	Hoerskool Ladismith
Ages	11-12 years
Group size	28
Level of education	Grade 6
Socio-economic background	Middle class
Languages	Afrikaans
Race	Coloured
Knowledge of the topic	No knowledge about the topic





Learners in Hoerskool Ladismith during the International Biodiversity Day celebration

JUNE 2019 – WORLD ENVIRONMENT DAY

Name of the school	Van Wyksdorp Primary School
Ages	12-13 years
Group size	32
Level of education	Grade 5
Socio-economic background	Middle class
Languages	Afrikaans
Race	Coloured
Knowledge of the topic	Little to no knowledge of the topic





Showing the learners in Van Wyksdorp Primary school during the presentation

In partnership with Department of Environmental Affairs the Municipality has compiled it's Second Generation Waste Management Plan in line with the National Waste Strategy which consist of the following goals:

- Promote, educate and raise awareness w.r.t integrated waste management
- Improve waste information management
- Ensure the effective and efficient delivery of integrated waste management services
- Promote waste minimization through the re-use, recycling and recovery of waste
- Improve regulatory compliance
- Ensure the safe and integrated management of hazardous waste
- Ensure the sound budgeting and financial management for IWM services

GOALS	2018/19
Promote, educate and raise awareness w.r.t Integrated Waste Management	Awareness and education programmes were conducted at schools District Waste Management Officers Forum meetings were attended
Improve waste information management	Training has been received on DEADP Calculator system Regular reporting is done on iPWIS A waste characterization study has been conducted
Ensure the effective and efficient delivery of Integrated Waste Management services	The Municipality offers removals once per week for household and business
Improve regulatory compliance	All landfill sites have been suitably licensed during the 2018/19 financial year Budgetery constraints complicates the ability to comply to permit conditions
Ensure the safe and integrated management of hazardous waste	Hazardous waste is being managed effectively at hospitals, clinics, consulting rooms and businesses in Kannaland Municipality
Ensure the sound budgeting and financial management of IWM services	There are still budget constraints

The Second Generation Integrated Waste Management Plan is currently being reviewed. Kannaland Municipality has entered into a Service Level Agreement for the revision of the Integrated Waste Management Plan. GIBB is the appointed service provider who will be reviewing and developing the Third Generation Integrated Waste Management Plan.

Engagements were held between Kannaland Municipality and Department of Environmental Affairs and Developmental Planning for the initiation of a separation at source project in Ladismith and Calitzdorp.

Kannaland Municipality together with Garden Route District Municipality had a waste characterisation study and the Waste Characterisation Report was adopted by Council.

The Kannaland Municipality Waste Minimization Strategy was also adopted by Council.

PERSONNEL:

The Kannaland Municipality has during the 2018/19 financial year appointed a supervisor for the landfill sites. 2 General workers were permanently appointed at the Ladismith landfill site and 1 general worker was permanently employed at the Zoar landfill site.

TRAINING AND CAPACITY BUILDING:

The following are the training and capacity building initiatives:

TRAINING/CAPACITY BUILDING ATTENDED	DEPARTMENT/INSTITUTION	NO OF EMPLOYEES THAT ATTENDED
Integrated Waste Management Training	Institute of Waste Management	1
iPWIS Training	Department of Environmental Affairs and Developmental Planning	3
Collaborator Training	Collaborator	1

AIR QUALITY MANAGEMENT:

SLA was undertaken by Kannaland Municipality and Garden Route District Municipality whereby Lethabo Air Quality Specialist is the appointed as the service provider.

The draft Air Quality Management Plan has been finalised and published for public commenting at the Ladismith library as well as on the Cape EAPrac website.

An Air Quality Officer has been appointed in terms of NEM:AQA (Act 39 of 2004).

Awareness and Education:

An Awareness program was held together with Cape Nature and Department Environmental Affairs and Developmental Planning as well as Local Government Support for Department of Environmental Affairs.

Name of the school	Van Wyksdorp Primary School
Ages	12-13 years
Group size	32
Level of education	Grade 5
Socio-economic background	Middle class
Languages	Afrikaans
Race	Coloured
Knowledge of the topic	Little to no knowledge of the topic



Group photo with the class of Grade 5 in Van Wyksdorp Primary School

The table below indicates the an capital performance:

Financial Performance 2018/19: Solid Waste Management Services					
					R'000
Details		2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	7 205 138,00	11 756 140,00	5 801 161,86	-24%
Expenditure:					
Employees		2 185 750,00	2 268 750,00	2 818 805,57	22%
Repairs and Maintenance					
Other		3 178 625,00	3 374 155,00	2 894 472,36	-10%
Total Operational Expenditure	0	5 364 375,00	5 642 905,00	5 713 277,93	6%
Net Operational Expenditure	0	-1 840 763,00	-6 113 235,00	-87 883,93	-1995%

TABLE 49: FINANCIAL PERFORMANCE OF SOLID WASTE MANAGEMENT SERVICES

Capital Expenditure 2018/19: Waste Management Services					
					R' 000
Capital Projects	2018/19				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	391000	391000	340000	-15%	
Project A	391000	391000	340000	-15%	0
Project B	0	0	0	#DIV/0!	0
Project C	0	0	0	#DIV/0!	0
Project D	0	0	0	#DIV/0!	0

Below is the service policy objectives taken from the IDP for the financial year under review:

Waste Service Policy Objectives Taken From IDP					
Service Objectives	Outline Service Targets	2017/2018		2018/19	
		Target	Actual	Target	Actual
Number of formal residential properties for which refuse is removed once per	Number of residential properties which are billed	4400	4266	4716	4861

week and billed for the service as at 30 June 2019	for sewerage (Debtors listing)				

TABLE 50: WASTE SERVICE POLICY OBJECTIVES TAKEN FROM THE IDP

3.5 HOUSING

Kannaland Municipality appointed ASLA as Implementing Agent for the construction of low cost houses and associated infrastructure for the towns of Ladismith, Zoar and Van Wyksdorp in terms of Regulation 32 of the Municipal Supply Chain Regulations with effect from November 2012 for a three year period.

ASLA DEVCO has been appointed as Implementing Agent for the construction of low cost houses and associated infrastructure for the town of Calitzdorp in terms of Regulation 36 of the Municipal Supply Chain Regulations with effect from November 2012 for a three year period.

The Council of Kannaland Municipality has considered and resolved that the appointment of both ASLA and DEVCO ASLA be extended for three years in terms of Section 116(3) of the Municipal Finance Management Act (Act 56 of 2003).

An application to build 100 top structures in Zoar was submitted to Provincial Department of Human Settlements on 25 February 2018. This is an ongoing process in terms of funding acquiring to implement housing projects.

Some of our less fortunate experiences were the fact that the municipality could not deliver basic services to informal areas and challenges are the fact that bulk services cannot be supplied in informal settlements because plots in these areas which cannot be formalised.
A number of measures were identified and implemented by the Municipality, amongst which were to build capacity in the Housing Section, which would have a significant impact on the effectiveness and efficiency of service delivery within the section.

The Provincial Department of Human Settlements is in the process of appointing a service provider to assist Kannaland Municipality to create better living conditions for inhabitants of informal settlements within the municipal area. The Housing Demand Database is being updated to clean-up outdated data captured on the database.

A constraint which hampers service delivery in the informal settlements is the absence of bulk basic services which cannot be delivered to some of these settlements. Environmental Impact Assessments have to be conducted to ascertain whether these areas occupied to erect informal settlements are conducive for occupancy.

The provision of human settlements is a high priority for the Municipality. Challenges do exist with regard to the capacity of bulk infrastructure services with specific reference to waste water treatment works, water storage and water works. This has delayed the delivery of human settlements over the past few years which has resulted in the significant increase in the housing waiting list. The beneficiary list is in process to be updating according the correct requirements.

The Municipality developed a human settlement policy which regulates the housing waiting list and the allocation of housing.

Given the expectation of economic growth resulting from water security and the ancillary job-creation prospect of the proposed dam and its construction, the provision of affordable housing and its supporting infrastructure, such as water, electricity, sanitation, sewerage, and roads are foremost in creating a sound and sustainable cradle for continuing development and growth.

No houses have been built during the year under review but a significant number of title deeds for houses were transferred to respective beneficiaries across the municipal area. A total of 49 title deeds were issued to beneficiaries in Zoar

The following projects have been completed in the 2018/19 financial year:

ZOAR

- Pre planning (applications) Zoar Infill Housing project: are being finalized for this project in Protea Park.

Challenges

- Water security remains a challenge however investigation is currently underway to address the issue with more boreholes to be drilled for extra capacity and funding is required for building of the new dam.

LADISMITH

- Ladismith Parmalat 400 RDP Housing: the Environmental Assessment Process is standing still due to bulk services challenges. A new application was submitted on 25 February 2018 is being considered for approval;

Challenges

- The Parmalat and Varkieskloof projects will likely also require an Environmental Assessment application and bulk services constraints will remain as long as the proposed dam has not been built and the waste water treatment works have not been upgraded.

CALITZDORP

Challenges

- Water supply is restricted due to the drought however under normal circumstances the water supply capacity is sufficient; and

VANWYKSDORP

- 100 RDP Housing Development: property belongs to a farmer and amendments to the urban edge must be completed before this project can proceed, however planning and related processes are in process; and Housing backlog and provision in housing pipeline

The Kannaland Municipality housing pipeline reflects provides for the following houses:

Town	Waiting List	GAP Housing R 3501-R 15 000	Informal settlement	Provided in pipeline
Ladismith	1 282	83	45	1 606
Calitzdorp	1 024	102	45	651
Zoar	520	32	42	145
Van Wyksdorp	200	5	21	100
Total	3 026	222	153	2 503

TABLE 51: HOUSING PIPELINE AND PRE-FEASIBILITY REPORT – DE KOCK ASSOCIATES – INCLUDING MUNICIPAL DATABASE INFORMATION AS AT 30 JUNE 2018.

A Housing Pipeline was developed to assess the demand for low and middle income group housing in Kannaland. The high unemployment rate and the agricultural nature of the local economy (which is affected by the national and international trends towards growth in the

agricultural sector and the severe drought) have resulted in a significant increase in the demand for low cost housing.

Housing backlog and provision in housing pipeline

The Kannaland Municipality housing pipeline reflects for the following:

Town	Waiting List	GAP Housing R 3501-R 15 000	Informal settlement	Provided in pipeline
Ladismith	1 282	83	45	1 606
Calitzdorp	1 024	102	45	651
Zoar	520	32	42	145
Van Wyksdorp	200	5	21	100
Total	3 026	222	153	2 503

TABLE 52: HOUSING PIPELINE AND PRE-FEASIBILITY REPORT – DE KOCK ASSOCIATES – INCLUDING MUNICIPAL DATABASE INFORMATION AS AT 30 JUNE 2018.

The tables below indicates the financial performance and capital expenditure for 2017/18 financial year:

Financial Performance 2018/19: Housing Services					R'000
Details	2017-18	2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	380 000,00	2 069 359,00	789 521,64	52%
Expenditure:					
Employees		1 919 206,00	1 902 706,00	931 131,39	-106%
Repairs and Maintenance					
Other		401 000,00	2 934 452,00	1 108 723,21	64%
Total Operational Expenditure	0	2 320 206,00	4 837 158,00	2 039 854,60	-14%
Net Operational Expenditure	0	1 940 206,00	-2 767 799,00	-1 250 332,96	255%

TABLE 53: FINANCIAL PERFORMANCES OF HOUSING SERVICES - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

Housing Objectives Taken From IDP				
Service Objectives	**2017/18**		**2018/19**	
	Target	**Actual**	**Target**	**Actual**
Complete the pre-planning phase (erf 95/0) of the Ladismith Parmalat housing project by 30 June 2019	-	-	1	1
Complete the pre-planning phase of the Zoar 100 infill housing project (erf 1834) by 30 June 2019	-	-	1	1
Complete the pre-planning phase of the subdivision of (Erf 1416) in Zoar by 30 June 2019	-	-	1	1
Construct 175 top structures in Calitzdorp (Bergsig) by 30 June 2019	-	-	175	0

TABLE 54: HOUSING OBJECTIVES TAKEN FORM THE IDP

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Free basic municipal services are rendered to all urban areas and some rural areas within the municipal boundaries. The objective of Kannaland Municipality is to ensure that the procedures and guidelines, regarding indigent household subsidies, are known to all. This action is usually done through public participation meetings, ward committee meetings and councillor feedback meetings. Applications for a subsidy can be made with the assistance of a person in charge of permanent offices in the areas.

Special drives are also performed in the different wards where the community is invited to come and apply for a subsidy at a hall nearby or municipal offices and where they are also assisted with the completion of the applications.

The tables below indicate the households that received free basic services in the 2016/17 and 2018/19 financial years:

Free Basic Services To Low Income Households								
	Free Basic Water		Free Basic Sanitation		Free Basic Electricity		Free Basic Refuse	
	Access	%	Access	%	Access	%	Access	%
2017/2018	2 388	100%	2 388	100%	2 388	100%	2 388	100%
2018/19	2572	100%	2572	100%	2572	100%	2572	100%

TABLE 55: FREE BASIC SERVICES TO LOW INCOME HOUSEHOLDS - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

3.1 ROADS

Municipal Roads

The Municipality is responsible for the maintenance of roads within the four (4) towns (Ladismith, Calitzdorp, Zoar and Van Wyksdorp).

A roads and storm water master plan has been developed to identify the ageing infrastructure and recommend interventions to address the challenges. During a consultation session with sector departments, the Municipality approached the Municipal Infrastructure Support Agent "MISA", for assist with the development and compilation of the Roads and Storm Water Master Plan.

Completed projects

The Municipality is aware of the challenges with regard to road maintenance in Ladismith and is planning to upgrade all the streets and pavements in Ladismith in the next few financial rs.

During the 2018/19 financial year, operational maintenance commenced and potholes were filled as a /temporary measure. The upgrade of Gravel roads in Zoar has been funded by MIG and has successfully completed. It should be noted that all storm water projects goes concurrently with all road projects.

3.2 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

NO INFORMATION

3.3 WASTE WATER (STORM WATER DRAINAGE)

The Municipality is committed to maintain and clean the existent storm water drainage systems in the Kannaland area. It should be noted that with all road upgrades and repairs, storm water drainage systems will concurrently being upgraded and maintained on a regular basis.

Storm water systems exist in most of the residential areas. In informal and low-cost housing areas. Daily maintenance consists of opening and cleaning catch pits, manholes, side drains and open channels.

During the road and storm water master planning challenges were identified and recommended to be addressed. The municipality will in partnership with the Garden Route District Municipality to address all masterplanning and implementation thereof.

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

3.4 PLANNING

Building Control

Currently the Municipality has a Building Control section which is responsible for dealing with all building applications in terms of the building and planning regulations.

The Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985), hereafter referred to as "LUPO", as a 1985 piece of legislation, predates the current Constitution of the RSA and was found to be unconstitutional in many respects. The Constitution confers "municipal planning" firmly as a municipal competency whilst in LUPO many of these powers vest with the Minister.

As a result of this the Land Use Management Act, 2013 (Act 16 of 2013), hereafter referred to as "SPLUMA", at national level, the Western Cape Land Use Planning Act, "LUPA", and Standard by-laws for municipal land use planning, has been developed to control land use planning.

The effect of this legislation transfers the full responsibility for land use planning to municipalities. The following are the key areas addressed in the legislation:

- Drafting of municipal spatial development frameworks,
- New integrated municipal zoning schemes,
- Receive and consider all land use applications,
- Decision making on land use applications by delegation to officials and to the Tribunals to be established.
- Appeals against decisions of the delegated official or the Tribunal to the Council's appeal authority,

- Regulating time frames, notifications, confirmation of subdivision arrangements,
- Lapsing of rights
- Transgressions and enforcements.

Currently the Municipality has a Building Control section which is responsible for dealing with all building applications in terms of the building and planning regulations.

Spatial Planning

The Council adopted a Spatial Development Framework (SDF) on 25 November 2013, after an intensive Public Participation Process.

The purpose of the SDF is to give guidance for future development in each town, and is limited within the urban edge of each town. The SDF is a living document thus Kannaland Municipality embarked on a formal review process to update the SDF to be more aligned with the current town planning challenges.

A process to amend the SDF is currently underway and will be finalised in the 2020/2021 financial year due to capacity and financial resources.

3.5 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

LED STRATEGY

The LED strategy will be re-developed and workshop during the 2019/20 financial year. Partnerships with DEDAT and Private sectors must be established to supporting the Municipality into developing a future generation LED strategy and Tourism master plan.

Conducive environment

Kannaland Local Municipality plays an essential role in LED and their mandate is to create an environment enabling promote local economic development. Local Government contributes to this pillar through their main activities such as procurement etc. which will attract and not deter investment.

Broadening the economic base

The local economy of Kannaland is strongly focused on the services sector and this pillar specifically supports activities leading to the expansion of the services sector specifically retail and business opportunities. The municipality established a SMME forum which is focussed for SMME's and larger investors providing goods and services which are sustainable and will lead to an increased investment and economic growth in the area.

Increased accessibility

To ensure that all people living in the Kannaland area have better access to improved services rendered by the Municipality and other spheres of government.

Infrastructure investment

The physical infrastructure in Kannaland needs to have a sufficient carrying capacity to meet the needs of the citizens of the area. Therefore be it housing or bulk services, this type of investment is essential to promote LED in the area which is environmentally friendly.

Wealth creation

In order for Kannaland's economy to grow it is essential that the local economy grows through more investment and businesses being introduced into the area. The business opportunities which relate to specific leading sectors have been identified to diversify these sectors and create opportunities for local SMME's relating to viable business opportunities.

Attracting visitors and investors

Kannaland's local economy is built on the opportunities created by tourists visiting the area. It is essential that the tourism industry be further developed and investment into this industry be promoted to ensure continuous growth. We must look at all the qualities and attractions in our area, to secure investment and better opportunities for the development of Kannaland communities.

The **Expanded Public Works Programme** is one of government's ranges of programs aimed at service delivery, addressing poverty and providing income relief through temporary work opportunities for the unemployed. The EPWP is one of Kannaland Municipality's key job creation programmes given the high levels of unemployment in the area. This policy demonstrates Council's commitment towards job creation. Council has also resolved that all infrastructure projects (RBIG, MIG, ACIP, and electrical grant funding projects) are implemented on labor intensive principles.

The Municipality was nominated for best performance in the Western Cape for the EPWP programme.

The tables below will show the jobs created through EPWP programme during the year under review:

JOBS CREATED THROUGH EPWP			
EPWP Projects **2017/18**	**Jobs created through EPWP projects** **No**	**EPWP Projects** **2018/19**	**Jobs created through EPWP projects** **No**
Cleansing of water and sewerage works in Kannaland	30	IG ACCESS CONTROLL AT LANDFILL SITES	9
Waste site clearance in Kannaland	25	IG BEAUTIFICATION AND CLEANING OF TOWNS	31
Cleaning around Kannaland towns	20	IG CLEANING AND BEAUTIFICATION OF KANNALAND TOWNS	30
Cleaning of Ladismith graveyard	8	IG CLEANING AND MAINTENANCE OF MUNICIPAL BUILDINGS	7
Kannaland EPWP data capturer	1	IG CLEANING OF ELECTRICAL SUBSTATIONS AND WORK ARE	3
Waste water treatment works in Kannaland	10	IG CLEANING OF PUBLIC TOILETS	4
		IG CLEANING OF SEWERAGE, WATER WORKS AND STORMWATER STRUCTURES	23
		IG CLEANING OF STORMWATER PIPES IN KANNALAND	9
		IG FIRE AND RESCUE AND DATA CAPTURER	4
		IG HUMAN RESOURCE INTERNSHIPS	6
		IG INSTALLATION OF WATERMETERS	6
		IG LAW ENFORCEMENT AND TRAFFIC CONTROLLING	9
		IG MAINTENANCE OF W	12
		IG POTHOLES REPAIR IN CALITZDORP	6
		IG SECURITY SERVICES FOR MUNICIPAL SITES	10
		IG WASTE RECYCLING	14

JOBS CREATED THROUGH EPWP			
EPWP Projects **2017/18**	**Jobs created through EPWP projects** **No**	**EPWP Projects** **2018/19**	**Jobs created through EPWP projects** **No**
		KAN FIRE AND RESCUE SUPPORT SERVICES	4
		KAN MAINTENANCE IN TECHNICAL DEPARTMENT	4
		KAN WASTE REMOVAL AND CLEANING	5
		MIG ZOAR UPGRADE SPORTSFIELD PH2	13

TABLE 56: JOBS CREATED THROUGH EPWP

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.6 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

LIBRARIES

The municipality renders the library service on an agency basis for the Provincial Government which is funded 100% through grants. The municipality views the libraries as key to developing the human capital, encouraging people to equip themselves with knowledge and skills in order to lead quality lives.

Libraries	Users	Stock
Ladismith	3542	18793
Calitzdorp	548	10715
Zoar	417	6740
Van Wyksdorp	133	5163

KANNALAND LIBRARY SERVICES

Libraries	Objects Removed from stock	Objects Added to Stock
Calitzdorp	547	167
Ladismith	1073	479
Van Wyksdorp	132	95
Zoar	184	197

Removal of objects from stock take place due to varies reasons, this can be due to stock losses or old and out dated items that are send back to regional libraries. Objects are added to the stock on a quarterly bases but due to budget cuts only n few items are added per annum.

Ladismith Public Library is currently operating at its full capacity. An electronic lending system SLIMS has been introduced successfully since September 2011. The circulation with reference to the number of registered users remains high. The RLCP Program has been successfully introduce. The library still struggles to render a service which fills the void created by weak school libraries. Staff in the Ladismith Library attend to the information needs of learners. The library is in need of additional space for individual learners and those working in groups and transport the visit remote farm communities.

The library provides free internet access to users for which the demand is high and increasing due to the effective management of the service. Expansion is vital and is being addressed presently. Additional computers with internet access will be provided.

Calitzdorp Library Calitzdorp Library is currently operating at its full capacity. The SLIMS electronic lending system has been introduced October 2017; the library has three computers with internet access for users.

Zoar Library: Zoar library is currently operating at its full capacity. The SLIMS electronic lending system has been introduced March 2019 the library has two computers with internet access for users. With an upgrade of 4 new computers in 2020. The library has lots of outreach and literacy programs for young children. This includes a newly established reading club for young adults during the winter periods.

Van Wyksdorp: The operating hours were extended. Morning hours were minimized to five hours (8:00 – 13:00) Mondays to Fridays. Extension of the afternoon hours (13:30-16:00) to benefit learners and premises occupied presently are in the process of being reviewed. Van Wyksdorp Library is fully functioning on the SLIMS lending system for libraries and has three computers with internet access for the public and learners.

Library Outreach Programs and Displays

Library outreach programs have been conducted to raise educational awareness amongst scholars and adult uses. Kannaland library service has been liaising with various stakeholders

to ensure that outreach programs are successful and that it reaches the bulk of Kannaland communities.

Extended Library Hours

All Library hours were extended in January 2018, libraries are now longer open to attend to the public during the week and on weekends.

New Libraries in the pipeline

- Hoeko Mini Library (March 2020)
- Bergsig Public Library (November 2020)

Below is the highlights and challenges during the year under review:

Highlights	Description
Bergsig Library	Funding were received for the upgrade and opening of the old Bergsig Library.
Library Week	Is Celebrated on an annual base during this week library staff create awareness on reading and the importance of libraries in communities
Outreach Programs (16 Days of Activism, World book day, Mandela day and National Book Week)	Over the past year Kannaland Library Service had great success with outreach programs
Internet Access to all Kannaland Communities	All Four Kannaland Libraries has internet Access for public use.
Mzansi Libraries Online	Ladismith library was one of only a few libraries in South Africa who received equipment from the Bill and Melinda Gates Foundation in collaboration with the National Department of Cultural Affairs and Sport. The equipment is to establish a game room for the all library users this includes and to ensure that all South Africans has access to the internet. 10 Tablets 5 Computers 2 Projectors 2 Xbox one with games. 1 Laptop

Challenges	Description
Mayor Stock losses	Stock Losses are one of the mayor challenges libraries face. (Library Material on loan are not returned by users)
Transport	Kannaland Library Service are in need for dedicated vehicle to ensure that remote farming Communities are also serviced.

Service Delivery levels:

Type of service	2018/2019
Library members	4640
Library material circulated	66169
Exhibitions held/ Displays	60
Internet use	5578
Children's programmes	Weekly
Visits to schools	3
Old age home visits	Weekly
School Holiday Programs	4 each holiday all libraries has a holiday program
In-house library use	21607



FIGURE 5 DECEMBER 2018 HOLIDAY PROGRAM



FIGURE 6 HUIS LANGENHOVEN WEEKLY VISITS TO THE LIBRARY



FIGURE 7 JUNE 2019 HOLIDAY PROGRAM



FIGURE 8 LIBRARY ORANTATION SEPT 2018



Figure 9 Senior citizens visit ladismith library



DISPLAYS





The tables below indicates the financial performance and capital expenditure for the year under review:

Financial Performance 2017-2018: Libraries					R'000
Details	2017-18	2018-19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	2 072 000,00	2 070 300,00	1 856 836,25	-12%
Expenditure:					
Employees		1 704 919,00	1 698 469,00	1 723 131,04	1%
Repairs and Maintenance					#DIV/0!
Other		365 081,00	366 371,00	334 551,54	-9%
Total Operational Expenditure	0	2 070 000,00	2 064 840,00	2 057 682,58	-1%
Net Operational Expenditure	0	2 000,00	5 460,00	-200 846,33	101%

TABLE 57: FINANCIAL PERFORMANCE 2018/19 LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER - SOURCE: SAMRAS (MUNICIPAL STATISTICS)

3.7 CEMETERIES

The Municipality has identified the need to develop new cemeteries due to capacity restrictions and the remaining utilisation expectancy of the current cemeteries. Land for the new cemetery in Zoar has been identified and the re-zoning approved. The Environmental Impact Assessment is in progress.

The Ladismith cemetery has nearly reached its capacity but sufficient adjacent land is available to accommodate extension in terms of the Environmental Impact Assessment (EIA) Legislation. A formal process has been initiated to seek suitable alternative land.

The Bergsig and Calitzdorp town cemeteries have also reached full capacity. The Bloekomlaan cemetery will be utilised as an alternative cemetery site for the Bergsig and Calitzdorp town communities. This will be formally communicated through public participation processes. In addition a further utilisation expectancy study will be conducted.

The Van Wyksdorp cemetery has nearly reached its capacity and the consulting engineers have been instructed to seek suitable alternative land to establish a new cemetery for Van Wyksdorp. The Municipality is successful in maintaining the cemeteries to a high standard even though vandalism and theft of property are problematic and on the increase.

It should be noted that the planning for cemetery projects has been shifting to the outer financial years due to prioritisation on water and sanitation projects

COMPONENT E: ENVIRONMENTAL PROTECTION

Urban expansion and farming in marginal areas to meet the demand of an increasing population, are leading to a loss of land and productivity. Secondary pressures, such as climate change, desertification and alien plant invasion, are further contributing factors.

Humans influence land degradation in three principle ways:

- The use of land resources for productive purposes: for agriculture, the collection of wood for fuel and building materials, as well as water abstraction and mineral extraction.
- The use of land resources for space needs, for example, settlement, infrastructure and recreational purposes.
- A tertiary set of influences comprises the incidental and often remote impacts of economic activity on land resources: for example, pollution of (sub) surface and atmospheric water resources by industry, alien plant invasion and climate change.

Agriculture has transformed much of Kannaland's natural landscape to cultivated lands. The Little Karoo, in general, which is under extensive agriculture, game farming and conservation land uses, falls within the category "Succulent Karoo /Spekboom/ Fynbos".

Land degradation manifests itself in the soil and in the veld. Sheet erosion is the most common form of soil degradation, with some rill and gully erosion in Kannaland. The Combined Land Degradation Index (CDI) indicates that the most degraded areas within.

Kannaland are situated around Ladismith and Calitzdorp because of overgrazing. The rest of Eden is only lightly affected by soil and veld degradation issues.

To monitor land degradation in Kannaland, the following indicators need to be identified:

- Area of land under formal conservation protection;

- Landscape change;
- Number of agricultural subdivisions; and
- Combined Land Degradation Index.

Six impact groups associated with land degradation drivers in Kannaland are:

- Farming in marginal areas, which leads to loss of ecosystem integrity, loss of natural habitats and which exerts stresses on the natural resource base, for instance on water through irrigation of crops.
- Subdivision of agricultural land into uneconomically viable units and urban sprawl leads to diminishing agricultural returns.
- Urban expansion triggered by population growth and a better standard of living leads to the loss of agriculturally productive land and other land conflicts (e.g. conservation vs. urban development).
- Alien plant invasions cause veld degradation, a reduction on the quality and quantity of water and hence the loss of biodiversity resources.
- Climate change (global warming) brings an increase in the frequency of extreme weather events (droughts/ flooding), change in rainfall patterns and in extreme cases desertification. Loss of biodiversity is strongly associated with these phenomena.

WATER

Kannaland falls largely within the Gouritz Water Management Area, a grouping of primary water catchments, which are diverse in nature, evaporation exceeds rainfall in the northern catchments meaning that these are water stressed areas. In contrast, rainfall generally matches evaporation in the southern catchments meaning that these are generally moister environments. In the Gouritz River catchment the development of surface water resources has reached its full potential and all the water is fully utilised.

The inland water resources are under severe pressure through urban population increased. In concert with population growth Kannaland has experienced expansion in the provision of water services. In addition, low cost housing projects emerging from the National Reconstruction and Development Programme (RDP), together with the National Water and Sanitation Programme which has contributed to water demand. A further pressure on the water resource is the influx of tourism over the holiday season, introducing a spike in water demand. Economic growth and consumer and export demand has led to an increase in agricultural production, which in turn has placed greater pressure on water resources through greatest abstraction for irrigation.

Alien invasive plant and animal species, introduced by human actions either accidentally or for commercial purposes, are proving a major threat to the quality and quantity water, as well as to the biodiversity of freshwater systems. Climate change is expected to lead to slightly reduced rainfall over the Kannaland region, increased variability of rainfall, fewer but heavier precipitation events and increased temperatures and evaporation. These effects could work together to increase flooding, but could also reduce base-flow (long term low flow).

BIODIVERSITY

Owing to its broad range of climatic conditions, geology, soils and landscapes, Kannaland has a very substantial share of global biodiversity within its borders. Kannaland's biological heritage is important in many ways – providing ecosystem services like clean water, contributing directly to the economy through industries like fishing and tourism, supporting livelihoods by providing food, medicines and building materials and generally improving health and well-being. Through habitat destruction and ill-conceived developments biodiversity is under threat world-wide.

To counteract this threat Kannaland should protect representatives of as many types of community and ecosystem as possible. By conserving suitable habitat we are also improving the survival chances of the species and populations contained therein. Living landscapes preserve the option value of biodiversity – the potential to provide benefits in the future.

Important driving forces putting pressure on the biodiversity resources of Kannaland are:

- Population growth;
- The demand for economic growth to provide wealth and job creation;
- Demand for housing and associated services for historically disadvantaged people;
- Unsustainable extraction of natural resources as a result of poverty or greed;
- Poor land use practices promoting soil erosion and infestation by invasive alien plants;
- Poor waste and pollution management;
- Climate change; and
- Lack of understanding

In terms of appropriate responses, the mainstreaming biodiversity consideration into socio-economic agendas holds most promise to turn the situation around. It is necessary to:

- Integrate the protection and management of biodiversity resources with all human development by means of regional and national conservation initiatives;
- Build capacity in the areas of conservation assessment, taxonomy, green technology and knowledge transfer;

- Increase capacity in environmental law enforcement, management and education;
- Strengthen existing biodiversity conservation programmes to identify ecosystems, species and genetic resources that are at imminent risk of extinction;
- Implement strong counter measures to slow down the speed with which the loss of biodiversity occurs; and
- Link biodiversity protection and economic upliftment, as biodiversity protection provides an opportunity for less formal, nature-based community initiatives to act as economic engines and job creators.

CLIMATE

There is general scientific agreement that the world is now warmer than at any time in the last 1000 years, and that the cause for this warming is due to human activities. Kannaland is at risk from projected changes in rainfall pattern and warming induced by changes in the global energy balance and atmospheric water balance.

However, the average for the five-year reporting period may be useful for simple comparative purposes against the long term average. Once a continuous ambient air quality sampling programme is in place, quarterly air quality reports which will provide useful state of environment data.

Increased drying and changes to the seasonal nature of precipitation will bring an increase in irrigation requirements which are likely to desiccate wetlands and threaten seasonal ecosystem interactions within the wetland. Such impacts are likely to further threaten the biodiversity of freshwater resources, which in turn will impair the environmental services they provide. The impact caused by climate change in terrestrial ecosystems include the detrimental effects associated with wildfires due to increased berg-wind conditions, and the possibility of changes in the distribution of alien invasive species, apart from changes in indigenous species distribution and interactions.

Numerous economic sectors could be affected by changes in temperature and precipitation patterns. The impact is likely to be felt in agriculture, fisheries, forestry, the manufacturing industry, tourism, finance and investment, transport, communication and trade, and construction. Climate change is likely to impact water services in terms of diminishing reserves on the one hand, and damage to infrastructure due to heavier precipitation events on the other.

KANNALAND FLORA

The Cape Floral Kingdom is characterized by its exceptional richness in plant species. More than 8 700 species are known to exist, with more than 68% of these being endemic. The Cape

Floral Kingdom, thus, compares with some of the richest floras worldwide. It is the smallest of the Floral Kingdoms and covers a mere 0.06% of the earth's surface, and is the only Floral Kingdom contained in its entirety within a single country.

Kannaland is a region of extensive plains, arid foothills and rugged rocky ridges and includes a wide range of microhabitats with extreme seasonal and diurnal temperature fluctuations. There are 1325 plant species in this area, including 182 Succulent Karoo endemics and 92 Red List species (www.skep.org.za). While unique and rare species are found throughout the landscape, many of the endemics are concentrated along veins of weathered quartz, where patches of white pebbles provide camouflage and moderate the temperature for “stone plants”

COMPONENT F: SAFETY AND SECURITY

3.8 TRAFFIC SERVICES

Safety and security is the responsibility of the Protection Services Department of the Community Services Directorate. The Department is committed to provide a high quality community-oriented service to meet the safety and security needs of a diverse community. The Division strives to constantly improve its standing within the community it serves and the profession itself. Several awareness campaigns regarding road safety and fire protection are conducted throughout the year.

The traffic services unit consist of a chief traffic officer, two traffic officers, motor registration clerks chief clerks and 2 motor registration clerks, administration clerk.

During the year under review a chief traffic officer was appointed on 01st July 2018 to manage all traffic services functions. Activities such as testing of motor vehicles, motor registration and examine of drivers licences.

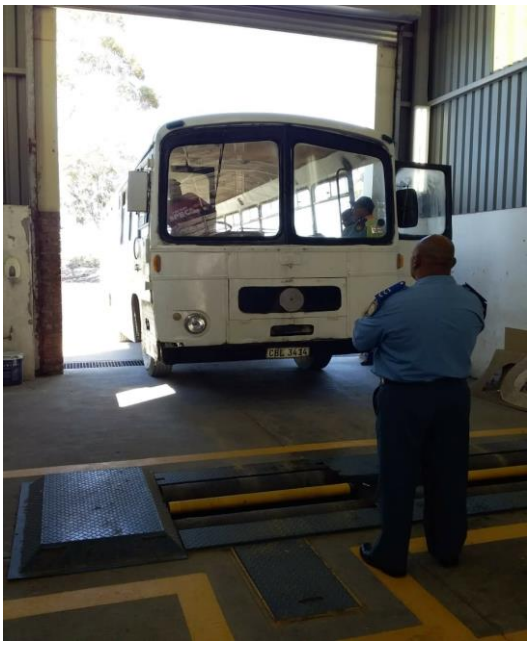
Awareness on road safety was implemented and conducted at schools whereby the school busses were inspected ito road worthy and to adhere to the road transportation act.

Road markings were paint to ensure visibility and to encourage motorist to adhere road traffic act.

Because of the high demand of testing of driver licencing it was planned to construct a k53. The project were not completed to funding constraints. Pre planning were done on the course of where it will be situated and looks like.

It will generate revenue for the municipality and enable a service to the local community in terms of affordability for each.

Below are pictures of the operations carried out by the traffic unit:







The Kannaland Municipality is eager to ensure a safe environment for the public, personnel and councillors. The Municipality therefore makes use of private security firms to ensure the

safety of the personnel and councillors, as well as members of the public that visit municipal offices. Bylaws still needs to be reviewed approved by council in order to carry out the relevant law enforcement in areas.

3.9 FIRE SERVICES

The fire services function is managed by the Garden Route District Municipality.

Some of the achievements were:

- Members were identified who worked at working on fire (WOF) has been selected to undergo training to become qualified fire fighters. They received a high level of technical and administrative training to enhance their knowledge, skill and experience which will be beneficial for the community at large.
- The Fire Service embarked on a community educational drive within the informal settlement areas as well to schools to educate residents and scholars of the dangers associated with fires as well as preventative measure that could be used to prevent

- The outbreak of fires. Department of Local Government has donated a fully equipped fire truck as well uniforms were received from City of Cape Town, Knysna and George Municipality.

- Fire detectors were installed in municipal areas – process continuous
- Fire Safety awareness at schools
- Capacity building through training to the officials
- Maintenance of Fire Hydrants
- Water Delivery during the drought
- Disaster Management plan currently being implemented

It should be noted that the Kannaland Municipality is in process to review all its bylaws in order to improve enforcement in the area.

3.10 DISASTER MANAGEMENT

The Municipality has a Disaster Management Plan which is an integral part of the IDP.

The establishment of a Disaster Management Centre has also been identified in terms of the Municipality's Disaster Management planning, however the Municipality does not have a functional disaster management ICT, GIS and early warning system. The Municipality is currently making use of the Disaster Management DS Tool of the Western Cape Disaster Management Centre to assist the Municipality in making informed decisions relating to Disaster Management.

As throughout the IDP is identified that water storage capacity is the main problem and has therefor prioritized the water and sanitation needs as a high and urgent matter to be attend to.

In accordance with the applicable legislation and with the desire to provide for the well-being of its citizens, the Kannaland Municipality has adopted a Disaster Management Plan in 2018/19 to ensure preparedness and effective response by the Municipality and its citizens in the event of a disaster. The Disaster Management Plan will assist Kannaland Municipality to be better prepared to support the local communities in dealing with disasters and to speed up the recovery process. It is crucial to have effective and efficient disaster risk reduction management measures in order to save lives, prevent escalation of emergencies and incidents as well as to relieve suffering. The implementation of this Disaster Management Plan will assist the municipality in clarifying roles and responsibilities with different stakeholders who are essential for disaster management. The purpose of the disaster plan is not only a legislative requirement, but enhances community safety through, planning, mitigation, response and recovery.

As defined in the prescriptions of the Act, the Municipal Manager is the Head of Disaster Management with the delegation of assistance through to the Senior Manager: Community Services. A Joint Operation Centre has recently been established. Mr Wayne Robertson has been appointed as the dedicated disaster management official with cross-functional influence to facilitate proper coordination and focused advocacy of disaster management.
The municipality adopted the Disaster Management Plan and recently a Disaster Management Centre has been established in terms of the municipality's disaster management planning. The municipality utilizes the following systems:

- Ventusky (weather predictions);
- Afis (active fires in the area);
- Functional disaster management ICT, GIS and early warning system.

RISK REDUCTION MEASURES

No other risk reduction measures are in place other than proactive measures during early warnings and forecasts or progression of incidents. Preventive measures are relocating or

evacuating members of communities and providing support at a local level or as assisted through the District.

A number of effective programmes have been implemented to mitigate the, which include:

- Awareness programmes to protect citizens from fires and floods;
- Regular cleaning of the storm water channels;
- Clean-up programmes of rivers and streams;
- The Fire and Rescue Services do regular awareness programmes in the communities and schools.
- Water restrictions in place

The impact prioritization for the most important risks (in order of priority) is as follows:

- Floods
- Plantation and vegetation fires
- Agricultural epidemics
- Hazardous materials transport
- Drought

Preparedness measures

- Disaster Management Advisory Forum has been established.
- Meetings/ forums / workshops (newly established Disaster Management Forum)

COMPONENT G: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.11 SPORT AND RECREATION

In terms of our mandate we make facilities, such as sport fields, available to the broader community. The Municipality is responsible for development of the facilities and the upgrading thereof whilst the sport clubs leases the facilities and as agreed upon, must maintain it.

The Municipality develops and maintains community parks, halls, camp sites and the caravan park. This service places an enormous financial burden on the Municipality, with its limited staff capacity and finances. The vastness of the municipal footprint demands a duplication of all services throughout the area and poses to be a well-oiled machine due to strict adherence to planning and implementation schedules. The Sport section performed their duties excellently taking into consideration the challenges and demands they face on a continuous basis. There

is a need for additional facilities but the availability of land is problematic, as well as the funds needed to develop the facilities.

3.12 PROJECT MANAGEMENT UNIT

MUNICIPAL INFRASTRUCTURE GRANT – MIG

The purpose of the grant is to provide capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprise and social institutions servicing poor communities.

The outputs of the programme are:-

- Infrastructure for:
 - ✓ basic water and sanitation
 - ✓ central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites
 - ✓ sport and recreation facilities
 - ✓ street and community lighting
 - ✓ public facilities
- Number of kilometers of municipal roads developed, upgraded and maintained.
- Number of work opportunities and full-time equivalents (FTE's) created using the Expanded Public Works (EPWP) guidelines for the above outputs.

Allocation for the past 3 years

The MIG allocations to Kannaland Municipality for the past three financial years is indicated in table 1 below:

	2016/2017	2017/2018	2018/2019
Original allocation (R')	R 9 803 000	R10 370 000	R10 156 000
Roll over approved	N/A	N/A	R0
Additional allocation	R0	R0	R0
Stopped allocation	R0	R0	R 1 764 000
Final allocation	R 9 803 000	R10 370 000	R 8 392 000
Amount spent	R9 803 000	R 9 214 970	R 8 393 205
Amount not spent	R0	R1 155 030	R0

Funds during 2018/19 was stopped due to commitment of projects and slow expenditure led to stoppage.

Key Challenges since onset (establishment of the programme)

Committing the projects for a specific year results in extra prioritization as the allocation for the year is not enough to implement all urgent projects.

Progress to date

The table provides summary of progress in relation to projects implemented during the 2018/2019 financial year.

Project ID	Project Name	MIG approved budget (R')	Exp. in previous fy (R')	Balance (R')	2018/2019 budget (R')	2018/2019 exp. (R')	Physical progress (%)
222050	Calitzdorp New water availability study	R1 500 606.81	R749 817.68	R750 789.13	R584 495.72	R584 495.72	70%
235124	Kannaland Installation of water meters	R2 339 964.00	R1 115 281.56	R1 224 682.44	R362 922.75	R362 922.75	60%
209450	Zoar Upgrade water reticulation	R12 401 260.00	R9 017 805.80	R3 383 454.20	R3 285 760.80	R3 285 760.80	98%
220311	Van Wyksdorp Greenhills new street lighting	R498 207.00	R0	R498 207.00	R250 307.45	R250 307.45	60%
220549	Calitzdorp New sport field lighting	R1 102 044.00	R0	R1 102 044.00	R761 000.59	R761 000.59	40%
219227	Zoar Upgrade sport field Ph2	R6 366 666.00	R132 299.62	R6 234 366.38	R2 639 712.69	R2 640 917.27	35%
	PMU	R507 800.00	R0	R507 800.00	R507 800.00	R507 800.00	100%
				Total	**R8 392 000.00**	**R8 393 204.54**	

Detailed progress on projects implemented over the 2018/2019 financial year are reflected in the tables below:

Project #1: Calitzdorp New Water Availability Study

Item Description	Detail information
Project Description	A total of four studies to be investigated
Scope of work **(2018/2019 plan)**	Replacement of defective bulk water meters Testing of 3 x existing boreholes Re-drilling of one borehole
Construction period	N/A
Consultant	Aurecon
Contractor	N/A
Implementation Plan **(contractor)**	Tender Closing date: N/A Tender award date: N/A Contract start date: N/A Practical completion: N/A Completion / Handover: 31/12/2019 Defects liability period: N/A
Progress	Against 2018/2019 scope: Purchasing bulk water meters. Camera logging of the three existing boreholes. Overall progress (if multiyear project): Re-drilling of the borehole on the sport field to do yield and quality testing. Project is 70% complete
Major / key challenges (if delayed)	Nothing

Pictorial depiction	

Project #2: Kannaland Installation of water meters

Item Description	Detail information
Project Description	Faulty meters to be replaced
Scope of work **(2018/2019 plan)**	Procure water meters with fittings for installation
Construction period	N/A
Consultant	N/A
Contractor	Not appointed yet
Implementation Plan **(contractor)**	Tender Closing date: N/A Tender award date: N/A Contract start date: N/A Practical completion: N/A Completion / Handover: N/A Defects liability period: N/A
Progress	Against 2018/2019 scope: Purchased water meters with fittings for installation. Overall progress (if multiyear project): Project is 60% complete
Major / key challenges (if delayed)	Nothing
Pictorial depiction	N/A

Project #3: Zoar Upgrade water reticulation

Item Description	Detail information
Project Description	Construction of a 1Ml reservoir and associated works
Scope of work **(2018/2019 plan)**	Construction of 1Ml reservoir
Construction period	6 months
Consultant	Aurecon
Contractor	Kuthele General Projects and Silver Mountain Projects JV
Implementation Plan **(contractor)**	Tender Closing date: 09/03/2018 Tender award date: 17/05/2018 Contract start date: 31/05/2018 Practical completion: 03/12/2018 Completion / Handover: to be confirmed Defects liability period: to be confirmed
Progress	Against 2018/2019 scope: Construction of a 1Ml reservoir with interconnecting pipework. Water tightness test outstanding. Overall progress (if multiyear project): Project is 98% complete
Major / key challenges (if delayed)	Water tightness test was delayed by contractor's internal financial issues
Pictorial depiction **(1Ml Reservoir)**	

(1Ml Reservoir)	

Project #4: Van Wyksdorp Greenhills new street lighting

Item Description	Detail information
Project Description	New Street lights for Greenhills area
Scope of work **(2018/2019 plan)**	A total of 18 streetlights to be installed
Construction period	17 weeks
Consultant	Aurecon
Contractor	VE Reticulation
Implementation Plan **(contractor)**	Tender Closing date: 18/01/2019 Tender award date: 26/04/2019 Contract start date: 13/06/2019 Practical completion: 11/10/2019 Completion / Handover: 11/10/2019 Defects liability period: 11/10/2020
Progress	Against 2018/2019 scope: Excavation for the street light poles and procuring the materials for installation. Overall progress (if multiyear project): Project is 30% complete
Major / key challenges (if delayed)	Additional funds was required to implement project therefore contractor was appointed later than planned.

Pictorial depiction **(Excavation for streetlights)**	

Project #5: Calitzdorp New sport field lighting

Item Description	Detail information
Project Description	New lights to be installed at sport field
Scope of work **(2018/2019 plan)**	New lights to be installed at the rugby/soccer field and at the netball court.
Construction period	17 weeks
Consultant	Aurecon
Contractor	VE Reticulation
Implementation Plan **(contractor)**	Tender Closing date: 18/01/2019 Tender award date: 26/04/2019 Contract start date: 13/06/2019 Practical completion: 11/10/2019 Completion / Handover: 11/10/2019 Defects liability period: 11/10/2020
Progress	Against 2018/2019 scope: Excavation for the street light poles and procuring the materials for installation. Overall progress (if multiyear project):

	Project is 30% complete
Major / key challenges (if delayed)	Additional funds was required to implement project therefore contractor was appointed later than planned.
Pictorial depiction	N/A

Project #6: Zoar Upgrade sport field Ph2

Item Description	Detail information
Project Description	A new sport field to be constructed
Scope of work **(2018/2019 plan)**	A new sport field to be constructed A new ablution facility to be constructed Irrigation to be installed Two wooden pavilion structures to be erected Sewer reticulation with connections
Construction period	20 weeks
Consultant	Aurecon
Contractor	Amandla GCF Construction
Implementation Plan **(contractor)**	Tender Closing date: 18/01/2019 Tender award date: 25/04/2019 Contract start date:16/05/2019 Practical completion:30/09/2019 Completion / Handover:30/09/2019 Defects liability period:30/09/2020
Progress	Against 2018/2019 scope: Earthworks on new sport field, irrigation installed, top soiling and construction of the new ablution facility. Progress at 20% complete overall. Overall progress (if multiyear project): Contractor is on programme.
Major / key challenges (if delayed)	Additional funds was required to implement project therefore contractor was appointed later than planned.

Pictorial depiction **(New Ablution facility)**	
(Subsoil Drainage)	
New Sport Field	

The 2018/2019 service delivery performance:

- Number of poor households impacted through the construction of new infrastructure and upgrading and renewal of existing infrastructure for:
 - ✓ All households in Zoar are provided with basic water services and extra storage capacity.
- Number of infrastructure constructed (new infrastructure, upgraded or renewed):
 - ✓ One sports and recreation facilities is in the process of development

Key Challenges

The following challenges are currently being experienced in the management of the programme which often result in delaying progress and low expenditure:

- External factors
 - ✓ Poor contractor performance
- Internal factors
 - ✓ Slow SCM procurement processes
 - ✓ Delays in payment of service providers
 - ✓ Unavailability of counter funding

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services.

3.13 EXECUTIVE AND COUNCIL

This component includes: Executive Office (Mayor; councillors; and Municipal Manager).

The Council consists of seven (7) councillors, including the Executive Mayor, Deputy Executive Mayor and Speaker as determined by the MEC for Local Government in the Western Cape.

It is a category B Municipality with a mayoral executive system combined with a ward participatory system as provided for in the Western Cape Determination of Types of Municipalities Act, 2000.

Executive and Council does not fall in the level category however the executive forms part of the section 57 appointments, made by Council.

The tables below indicates the financial incurred for the year under review:

Financial Performance 2018/19: The Executive and Council					R'000
Details		2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	26 422 000,00	15 900 530,00	20 219 994,53	-31%
Expenditure:					
Employees		6 024 600,00	6 421 750,00	6 661 501,70	10%
Repairs and Maintenance					#DIV/0!
Other		3 023 660,00	2 946 960,00	1 724 600,89	-75%
Total Operational Expenditure	0	9 048 260,00	9 368 710,00	8 386 102,59	-8%
Net Operational Expenditure	0	-17 373 740,00	6 531 820,00	11 833 891,94	247%

TABLE 58: FINANCIAL PERFORMANCE 2018/19: THE EXECUTIVE AND COUNCIL -

3.14 FINANCIAL SERVICES

Sound financial management practises are essential for municipalities. The major challenge for municipalities is long term financial sustainability. The MFMA aims at directing municipalities in a sustainable financial environment and to modernise financial management practices.

The act places municipalities on a financially sustainable footing and supports co-operative government between all spheres of government. Successful implementation of the provisions of the act will maximise the capacity of municipalities to deliver services to their residents, users and customers.

It is critical for the Municipality to review how we conduct our business to ensure that value for money is obtained in all our expenditures, that revenue administration systems are operating effectively, and that creditors (including bulk service providers) continue to be paid timeously and in full.

Financial Performance 2018/19: Financial Services R'000					
Details		2018/19			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	1 126 000,00	1 116 170,00	1 090 042,57	-3%
Expenditure:					
Employees		11 699 850,00	11 686 090,00	10 767 717,12	-9%
Repairs and Maintenance					#DIV/0!
Other		14 900 800,00	17 868 500,00	9 833 343,15	-52%
Total Operational Expenditure	0	26 600 650,00	29 554 590,00	20 601 060,27	-29%
Net Operational Expenditure	0	25 474 650,00	28 438 420,00	19 511 017,70	-31%

TABLE 59: FINANCIAL PERFORMANCE 2018/19: FINANCIAL SERVICES

3.15 HUMAN RESOURCE SERVICES

The broader objectives of the Human Resource Services division of the Municipality is to ensure that:

- The appropriate staff members are recruited and appointed
- Staff members are optimally placed in relation to the needs of the organisation
- An environment is created conducive of staff performing their functions in line with their knowledge, experience and skills
- Staff members are adequately compensated and that their vested interests and benefits are professionally administered
- Staff members are allowed the opportunity to develop and be promoted in a physical environment that is free from safety, health and psychological hazards
- An organisational design is implemented that promotes productivity and sustains high levels of morale and ethical behaviour
- A culture of discipline, equally, transparency and fairness is promoted in the workplace
- The organisation is free from all forms of discrimination and prejudice

In order to achieve these broader objectives, the Human Resource Services is organized in a manner to respond to the following functions:

- Organisational efficiency and improvement
- Staffing in relation to recruitment, selection and appointments
- Administration of employee benefits
- Skills development and training
- Occupational health and safety
- Labour relations
- Employee wellness (EAP)
- Performance management
- Employment equity

- Change Management
- Statistics and Reporting

The organisational structure have been reviewed during July 2017 to ensure alignment with the municipal strategic objectives (IDP) to ensure compliance and effective and efficient service delivery. The objective with the review of the organisational structure is to improve revenue collection and a flatter management structure for faster decision making.

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE

The organisational structure of Kannaland Municipality for the Municipal Manager and three directorates namely, Corporate Services (Administration and Community Services), Finance and Infrastructure Services.

The organizational structure is currently being reviewed. The outcome of this project will result in establishment of individual performance which will be aligned to the job descriptions. The organizational structure is currently being revised for the best service delivery at the lowest cost to the Municipality. Job descriptions are being reviewed based on job content and volume in the attempt to form specialist units.

The vacancy rate of the municipality was 33.37% for the year under review. The ideal is to decrease the rate below 20% in order to achieve the goals as mentioned above.

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees				
Description	Year 2018/19			
	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	%
Water	35	26	9	25.7%
Waste Water (Sanitation)				
Electricity	16	12	4	25%
Waste Management				
Housing	3	2	1	33.33%
Waste Water (Stormwater Drainage)	7	6	1	14.26%
Office of the MM	8	4	4	50%
Infrastructure Services Admin support Water and sanitation roads and storm water	1 44	1 34	0 10	0 22.72%
PMU	3	2	1	33.33%
Electrical and Mechanical Service	16	12	4	25%
Corporate Services	104	75	25	24.03
Finace	47	29	18	38.29%

TABLE 60: NUMBER OF EMPLOYEES

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2017/18	21	14	0.66%
2018/19	36	6	0.166%

TABLE 61: TURNOVER RATE

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

The Municipal Systems Act, 32 of 2000, Section 67, requires municipalities to develop and adopt appropriate systems and procedures to ensure fair; efficient; effective and transparent personnel administration in accordance with the Employment Equity Act 1998.

The purpose of the Disciplinary Board is restricted to alleged offences of financial misconduct related to municipal officials as per sections 171 (financial misconduct by municipal officials of a Municipality) and 172 (financial misconduct by officials of municipal entities) of the Municipal Financial Management Act, 2003 (Act 56 of 2003), and has no jurisdiction to address any allegation relating to offences in terms of section 173 of the Act (criminal proceedings). Roles and functions are derived from the Municipal Financial Management Act (sections 171 and 172) and the MFMA Regulations on Financial Misconduct Procedures and Criminal Processes, 2014.

Council as a whole is the legislative body and delegates some of this authority to the committees established in terms of section 79 of the Local Government: Municipal Structures Act. The Disciplinary Board is established in terms of Section 79 of said Act.

The scope for the Municipal Public Accounts Committee's activities also encompass, amongst other, issues relating to recommendations on unauthorised, irregular, fruitless and wasteful expenditure as well as performance, within the delegation framework of the Municipal Council

The Municipal Systems Act (Section 59 (1)) prescribes that a Municipal Council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances. The prudent use of this system allows municipalities to separate council powers between executive (the Executive and Mayoral Committee for example) and legislative authority (Council as delegated to the Disciplinary Board, other committees and officials) in terms of a set of delegations approved by Council. The current set of delegations was approved by Council in 2016.

Managing the municipal workforce is not only the duty of the Human Resources section and every manager in Kannaland Municipality is responsible for managing of his/her own line function in an integrated manner.

4.2 POLICIES

The followings policies have been adopted and are in force:

POLICIES Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
Attraction and Retention	YES		October 2011
Code of Conduct for employees	YES		Use BCE-act & regulations & Systems Act Code
Delegations, Authorisation & Responsibility	YES		
Disciplinary Code and Procedures	YES		Use SALGBC agreements
Essential Services	YES		
Employee Assistance / Wellness	NO		
Employment Equity	NO		
Grievance Procedures	NO		Use SALGBC agreements
HIV/Aids	YES		Feb 2008
Job Evaluation	NO		
Leave	YES		Feb 2008
Occupational Health and Safety	YES		9 Sept 2008
Official Journeys (S & T)	YES	October 2013	19-Mar-12
Official Working Hours and Overtime	YES		19-Dec-12
Organisational Rights	YES		
Payroll Deductions	YES		
Performance Management and Development	YES		
Recruitment, Selection and Appointments	YES		27-Oct-11
Remuneration Scales and Allowances	YES		
Skills Development	YES		Jan 2008
Special Skills (Scarce Skills)	YES		Oct 2011
Long Service Recognition	YES		9-Sep-08

POLICIES Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
Acting Allowance	YES		19-Dec-12
Standby Allowance	YES		9-Sep-08
Nepotism	YES		9-Sep-08
Demotion, Promotion & Transfer	YES		9-Sep-08
Personnel Production: Performance Recognition	YES		9-Sep-08
Whistle-blowers	YES		9-Sep-08
Alcohol & Substance Abuse	YES		9-Sep-08
Cellphone Users Scheme	YES		9-Sep-08
Car-allowances Scheme	YES		29-Jan-09
Legal Representative	YES		21-Oct-11
Study-loan Scheme	YES		19-Dec-11
Cellphone Users Scheme for Officials	YES		13-Jan-12
Retention of Staff	YES		27-Oct-11
Access of Information	YES		18-Nov-11
Anti-Fraud & Corruption Strategy and Prevention	YES		12-Nov-13

TABLE 62 - HR POLICIES AND PLANS

All policies will be reviewed in 2019/20 financial year.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty		
Type of injury	**Injury Leave Taken**	**Employees using injury leave**
	Days	**No.**
Required basic medical attention only	0	1
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	0	0

TABLE 63: NUMBER AND COST OF INJURIES ON DUTY

The Municipality has an employee assistance programme to visit employees who are hospitalized for long periods due to illness or injuries and to assist them with procedures to be boarded or whatever they need assistance with.

The Occupational Health and Safety structures are being strengthened to reduce occupational injuries. Internal departments attend monthly meetings to discuss and seek possible solutions wrt OHS matters.

DISCIPLINE

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Head: Expenditure	GROSS MISCONDUCT	22/08/18	Dismissed on 11/07/2019	11/07/2019
Clerk: Creditors	Gross Misconduct	22/08/2018	Dismissed on 11/07/2019	11/07/2019
Sup: Mechanical	Theft	08/02/2019	Resigned	April 2019
Manager: Meter Reading:	Fraud	07/08/2018	In process	In process

TABLE 64: NUMBER AND PERIOD OF SUSPENSIONS

As result of various charges on allegations of misconduct, the general discipline in the workplace has improved during the year under review. The status quo can be improved even more with awareness campaigns and training.

4.4 PERFORMANCE REWARDS

The individual performance management system has not yet been developed to include other officials than the section 56 and 57 senior managers. For the 2018/19 financial year no performance evaluations were performed and no performance rewards were paid.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

Section 68 of the Local Government: Municipal Systems Act requires from the Municipality to develop the workforce capacity to a level that enables them to perform their functions and exercise their posers in an economical, effective, efficient and accountable way in accordance with the Employment Equity Act, 1998.

Challenges experienced regarding training of officials:

1. As part of a training audit to identify employees' needs for training, they had to complete a questionnaire and submit the document to the Human Resources office. The interest that the employees took into this exercise was disappointing; and

2. Funding for training remains a challenge. LGSETA do not allocate funding to Kannaland Municipality for Municipal Minimum Competency training due to the fact that a MMC course had been stopped due to the fact that the beneficiaries on course were not from the target group for MMC training. It is of critical importance that the financial and other personnel who are required to comply with MMC Regulations, be trained as a matter of urgency. The programme for the capacitation of financial interns will be utilized to train the finance department staff.

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June 2019	Number of skilled employees required and actual as at 30 June 2018											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19
MM and s57	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1		0	0	0	0	0	0	0	0	0	0	0
Councillors, senior officials and managers	Female	3		0	0	0	0	0	0	0	0	0	0	0
	Male	4		0	0	0	0	0	0	0	0	0	0	0
Technicians and associate professionals*	Female			0	0	0	0	0	0	0	0	0	0	0
	Male			0	0	0	0	0	0	0	0	0	0	0
Professionals	Female			0	0	0	0	0	0	0	0	0	0	0
	Male			0	0	0	0	0	0	0	0	0	0	0
Sub total	Female			0	0	0	0	0	0	0	0	0	0	0
	Male			0	0	0	0	0	0	0	0	0	0	0
Total		0		0	0	0	0	0	0	0	0	0	0	0

TABLE 65: SKILLS MATRIX

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	1	1	1
Chief financial officer	1	0	1	1	1	1
Senior managers	4	0	4	1	0	0
	56	0	56	0	0	0
Any other financial officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0		0	0	0
TOTAL	63	0	63	3	2	2

TABLE 66: FINANCIAL COMPETENCY DEVELOPMENT: PROGRESS REPORT

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

No employees' salaries were increased due to their positions being upgraded and no employees' salary levels exceeded the grade determined by job evaluation.

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	3
	Male	2
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	3
	Male	0
MM and S 57	Female	0
	Male	0
Total		8

TABLE 67: NUMBER OF EMPLOYEES WHO'S SALARIES WERE INCREASED DUE TO THEIR POSITIONS BEING UPGRADED

DISCLOSURES OF FINANCIAL INTERESTS

Please refer to disclosures made by officials and councillors concerning their financial interests as required by the Performance Management Regulations 805 of 2006 set out table below:

Disclosures of Financial Interests		
Period 1 July 2017 to 30 June 2018		
Position	**Name**	**Description of Financial interests* (Nil / Or details)**
(Executive) Mayor	M. Barry	None
Member of MayCo / Exco		
Deputy Mayor	P. Antonie	None
Councillor		
Speaker	A. Theron	None
Ward 1 Councillor	J.Donson	None
Ward 3 Councillor	W. Meshoa	None
PR Councillor DA	J.Johnsn	None
PR Councillor ICOSA	H. Ruiters	None
Municipal Manager	R. Stevens	10 Sasol shares
Chief Financial Officer	K Cooper	None
Deputy MM and (Executive) Directors		
Acting CFO	K. Cooper	None
Director Corporate Services	Vacant	None
Other S57 Officials	None	None

TABLE 68: DISCLOSURES OF FINANCIAL INTERESTS

CHAPTER 5 – FINANCIAL PERFORMANCE

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

This component provides an overview of the financial performance of the Municipality and focuses on the financial health of the Municipality.

In terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), section 126(1)(a), the accounting officer must prepare the annual financial statements of the Municipality and, within two months after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing.

According to section 133(1)(a) of the MFMA, the mayor must promptly table in the council a written explanation setting out the reasons for the failure if the accounting officer fails to submit financial statements to the Auditor-General in accordance with section 126(1) of the MFMA.

The reasons for the delay in submitting the annual financial statements to the Auditor-General for auditing, as contemplated in section 126(1) (a) of the MFMA can be ascribed to the following:

Governance challenges

The Municipality has been facing significant governance challenges due to leadership instability at time, including long-standing key vacancies in the finance department.

Skills and capacity challenges

All staff in the finance section have not achieved their prescribed minimum competency levels, due to a lack of funding and planning and, consequently, do not have the requisite skills and experience to ensure compliance with the financial reporting requirements of the Standards of GRAP.

The absence of a chief financial officer position, coupled with an unstable financial accounting system and ineffective human resource management practices, have contributed to the poor implementation of internal controls over accurate and complete financial information. As a

result, basic daily and monthly controls were not embedded in the Municipality's processes to ensure proper record keeping, timely, accurate and complete processing of transactions, reconciliation of transactions and regular monitoring of compliance with relevant legislation.

System challenges

It should be note, the challenges below is highlighted what was experienced during the 2018/19, however the financial system issues has been dealt with to date in collaboration with National Government and Provincial Government.

The Municipality experienced challenges with the implementation of mSCOA, which impacted negatively on the implementation of basic financial management discipline and adherence to good internal control, as well as the production of reliable financial information for in-year monitoring purposes. Although the Municipality has made progress with the implementation of mSCOA, it fell short of achieving all the required milestones due to the following reasons, among other:

1. The Municipality experienced capacity and skills challenges, including severe funding constraints to manage the mSCOA implementation process.
2. The apparent inability of the existing accounting and information system to accommodate the technical specifications set in the mSCOA, negatively affected the finalisation of data migration and mapping processes.
3. The Municipality maintained the mSCOA database and general ledger on a stand-alone laptop computer, due to funding constraints. The laptop was stolen in August 2017 and it has taken a considerable amount of time for the Municipality and the service provider responsible for mSCOA implementation to rebuild the database.
4. The Municipality is still experiencing significant implementation challenges, because of ongoing segmentation errors and system set-up issues, which affect the recording of and reporting on transactions, including the loading and management of the annual and adjustment budgets. The effect of the ongoing data errors include the following:

 - The Municipality was not able to accurately record transactions on the accounting system;
 - The accounting system did not produce reliable budget reports;
 - Reconciliations of various accounts could not be performed, because of data errors; and
 - In-year management of accounts and reporting could not be done reliably due to data errors.

5. The appointed service provider did not always prioritise the implementation of mSCOA at Kannaland, because of the Municipality's inability to pay the outstanding account and for current services owing to severe cash flow constraints.

Following the above-mentioned reasons, the Municipality has not been able to produce annual financial statements on time, as contemplated in section 126(1) (a) of the MFMA.

It should be noted that the progress from 2017/18 to 2018/19 has been similar the same with regards to the system errors. However progress has been made since the appointment of BTO Manager wrt to monitoring and implementing the data strings to ensure compliance and more accurate financial data.

Although the matter has been reported to Council on 30 August 2019 and Council noted that extension for submission of the Annual Financial Statements was requested the audit was finalised in August 2019 thus the Annual report could then be concluded with verified audited financials.

A more accurate annual report will be produced and distributed to council before concluding the final report with the outcome of the Auditor General and audited financial statements.

The whole section the financial overview will not be included in this report at this time.

(The sections below will be completed once the audit of the final financial information and performance information has been concluded)

STATEMENT OF FINANCIAL PERFORMANCE

The financial performance of Kannaland Municipality for the 2018/19 financial year is summarized in the Statement of Performance:

Reconciliation of Table A1
Budget Summary

Description	2018/19														
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	20 113		23 629			23 629	16 275								
Service charges	74 994		71 638			71 638	69 672								
Investment revenue	500		794			794									
Transfers recognised - operational	33 611		38 597			38 597	28 667								
Other own revenue	17 248		15 812			15 812	13 493								
Total Revenue (excluding capital transfers and contributions)	**146 466**	**–**	**150 470**				**128 108**								
Employee costs	55 215		55 172			55 172	55 607								
Remuneration of councillors	3 053		3 131			3 131	3 323								
Debt impairment	–		–			–	8 302								
Depreciation & asset impairment	10 661		10 661			10 661	13 265								

Reconciliation of Table A1
Budget Summary

Description	2018/19														
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Finance charges	422		921			921	2 921								
Materials and bulk purchases	312		407			407	483								
Transfers and grants	766		966			966	139								
Other expenditure	218		365			365	322								
Total Expenditure	**143 647**	**–**	**150 622**				**138 362**								
Surplus/(Deficit)	2 819	–	(152)				(10 254)								
Transfers recognised - capital	44 648		23 448			23 448	15 956								
Contributions recognised - capital & contributed assets			–			–									
Surplus/(Deficit) after capital transfers & contributions	47 467	–	23 296				5 702								
Share of surplus/ (deficit) of associate			–			–									
Surplus/(Deficit) for the year	47 467	–	23 296				5 702								
Capital expenditure & funds sources															
Capital expenditure			25 119				20 479								
Transfers recognised - capital	44 648		23 448			23 448	20 479								
Public contributions & donations	–		–			–									
Borrowing	–		–			–									

Reconciliation of Table A1
Budget Summary

Description	2018/19														
R thousands	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Internally generated funds	330		1 671			1 671									
Total sources of capital funds							20 479								
Cash flows															
Net cash from (used) operating	(107 302)		(18 492)			(18 492)	28 073								
Net cash from (used) investing	(44 978)		(25 119)			(25 119)	(17 612)								
Net cash from (used) financing	–		(720)			(720)	(441)								
Cash/cash equivalents at the year end	(152 280)		(44 331)				10 019								

5.1 FINANCIAL PERFORMANCE OF OPERATIONAL SERVICES

Financial Performance of Operational Services

R '000

Description	2016/17	2018/19			2017/18 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water			12 753	13 256	100,00%	3,80%
Waste Water (Sanitation)			7 730	9 532	100,00%	18,91%
Electricity			39 368	44 043	100,00%	10,61%
Waste Management			5 883	7 641	100,00%	23,01%
Housing			4 837	2 040	100,00%	-137,13%
Component A: sub-total	–	–	70 571	76 512	100,00%	7,77%
Waste Water (Stormwater Drainage)					#DIV/0!	#DIV/0!
Roads			8 654	9 054	100,00%	4,42%
Transport			–	–	#DIV/0!	#DIV/0!
Component B: sub-total	–	–	8 654	9 054	100,00%	4,42%
Planning					#DIV/0!	#DIV/0!
Local Economic Development					#DIV/0!	#DIV/0!
Component B: sub-total	–	–	–	–	#DIV/0!	#DIV/0!
Planning (Strategic & Regulatary)					#DIV/0!	#DIV/0!
Local Economic Development					#DIV/0!	#DIV/0!
Component C: sub-total	–	–	–	–	#DIV/0!	#DIV/0!
Community & Social Services			8 075	6 918	100,00%	-16,73%
Enviromental Proctection					#DIV/0!	#DIV/0!
Health					#DIV/0!	#DIV/0!
Security and Safety			7 653	8 318	100,00%	8,00%

Sport and Recreation			47	117	100,00%	59,93%
Corporate Policy Offices and Other			55 622	48 002	100,00%	-15,87%
Component D: sub-total	–	–	71 397	63 356	100,00%	-12,69%
Total Expenditure	**–**	**–**	**150 622**	**148 922**	100,00%	-1,14%

In this table operational income is offset agaist operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.1.2

5.2 GRANTS

Grant Performance

R' 000

Description		2018/19			2018/19	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants						
National Government:	**–**	**–**	**23 411**	**23 411**		
Equitable share			20 141	20 141		
Municipal Systems Improvement						
Department of Water Affairs						
Levy replacement						
Other transfers/grants [insert description]						
Fianacial Management Grant			2 215	2 215		
Expanded Public Works			1 055	1 055		
Provincial Government:	**–**	**–**	**7 199**	**6 071**		
Health subsidy						
Housing			2 069	1 059		
Ambulance subsidy						
Sports and Recreation						
Library			2 070	2 070		

Grant Performance						
						R' 000
Description		2018/19			2018/19	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Financial Management support Grant			1 760	1 641		
Service Delivery Capacity(FMSG)			1 300	1 300		
District Municipality:	–	–	–	–		
[insert description]						
Other grant providers:	–	–	–	–		
[insert description]						
Total Operating Transfers and Grants	–	–	30 610	29 482		

TABLE 69: GRANT PERFORMANCE

Below is the operation expenditure for the year under review:

5.3 ASSET MANAGEMENT

The unit experienced problems as a result of under staffed where only one accountant and one intern in this department. This makes it impossible to function effectively. Fleet management was also added to the asset management department and is also managed by the acting accountant.

Lack of Asset Management System, we are currently still making use of an excel register which only allows annual update of the FAR, which makes us dependant on consultants.
Lack of a store room, we currently have no space for the storage of assets.

Co-operation by staff is poor. They still believe that they carry no responsibility towards the management of the assets assigned to them and that the responsibility remains with the asset management unit.

The availability of financial and technical information regarding projects that was done is still a huge challenge. We are still struggling to obtain the correct information in the required format to do the unbundling of projects efficiently. The problems with the Financial System as well as how it is being used, also contribute to the difficulty regarding the data needed for the unbundling.

Availability of staff to do quarterly sample verifications, due to the lack of staff in the department, is difficult. Without sufficient staff it is impossible to implement the basic policies and procedures required to manage the assets efficiently and effectively.
Despite numerous challenges and shortages in the Asset Management section, the most pressing challenge is to attain a fully complete asset register.

This is a process that takes time as well as financial resources to be fully functional and compliant. The Municipality has an asset management plan which produces a credible asset verification register with GIS mapping.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditure and surpluses. Component B deals with capital spending indicating where the funding comes from and whether the Municipality is able to spend the available funding as planned.

5.6 CAPITAL EXPENDITURE OF THE 5 LARGEST PROJECTS

There were no expenditure on Service backlogs for the year under review

5.7 CAPITAL EXPENDITURE OTHER FUNDING SOURCES

N/A

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.9 CASH FLOW

Cash Flow Outcomes				R'000
Description	2016/17	Current: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other				95 035
Government - operating				52 513
Government - capital				
Interest				718
Dividends				
Payments				
Suppliers and employees				115 133
Finance charges				2 921
Transfers and Grants				2 139
NET CASH FROM/(USED) OPERATING ACTIVITIES	**–**	**–**	**–**	**28 073**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				
Decrease (Increase) in non-current debtors				

Cash Flow Outcomes				R'000
Description	2016/17	Current: 2018/19		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets				(17 612)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**–**	**–**	**–**	**(17 612)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				(452)
Increase (decrease) in consumer deposits				11
Payments				
Repayment of borrowing				
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**	**–**	**–**	**(441)**
NET INCREASE/ (DECREASE) IN CASH HELD	**–**	**–**	**–**	**10 019**
Cash/cash equivalents at the year begin:			**1 549**	**1 549**
Cash/cash equivalents at the year end:		**–**	**1 549**	**11 568**

5.10 BORROWING AND INVESTMENTS

Kannaland Municipality as many other municipalities in South Africa, is reliant on grant funding to enhance their income and to properly execute their duties and functions as prescribed by the Constitution of South Africa. Therefore all grant funding received from National and Provincial Government needs to be used, solely for the purposes intended and granted for.

All grant funding are safely deposited at the Municipality's bank on 32 days investments. This not only ensures safekeeping of grant funding, but also enhancing the cash flow position of the Municipality by earning additional income from interest.

5.11 PUBLIC PRIVATE PARTNERSHIPS

The Municipality has not undertaken any projects through Public Private Partnerships during 2018/19.

This function will execute in the 2019/20. More detail can be found in the 2020/2021 IDP.

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 GRAP COMPLIANCE

GRAP is the acronym for Generally Recognized Accounting Practice and it provides the guidelines by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative. It will also ensure that the Municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is required to enable National Treasury to assess the pace of progress and consider the implications.

The financial statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

The Constitution in S188 (1) (b) states that the functions of the Auditor-General include the auditing and reporting on the accounts, financial statements and financial management of all municipalities. In accordance with the Local Government: Municipal Systems Act, 2000 (section 45) the results of performance measurement must be audited annually by the Auditor-General.

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS 2018/19

Still in progress

6.1 AUDITOR GENERAL REPORTS

Auditor-General Report on Financial Performance:	
Main issues raised under emphasis of matter	
Non-Compliance Issues	Remedial Action Taken

TABLE 70: AUDITOR-GENERAL REPORT ON FINANCIAL PERFORMANCE

Auditor-General Report on Service Delivery Performance: 2018/19	
Audit Report Status:	
Non-Compliance Issues	Remedial Action Taken

TABLE 71: AUDITOR-GENERAL REPORT ON SERVICE DELIVERY PERFORMANCE: 2018/19

GLOSSARY

Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give *"full and regular"* reports on the matters under their control to Parliament and provincial legislatures as prescribed by the Constitution. This includes plans, budgets, in-year and Annual Reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe *"what we do"*.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Municipal Finance Management Act. Such a report must include annual financial statements as submitted to and approved by the Auditor-General.
Approved Budget	The annual financial statements of a Municipality as audited by the Auditor General and approved by council or a provincial or national executive.
Baseline	Current level of performance that a Municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.

Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Set out municipal goals and development plans.
National Key performance areas	• Service delivery & infrastructure • Economic development • Municipal transformation and institutional development • Financial viability and management • Good governance and community participation
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.

Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
Performance Standards:	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.
Performance Targets:	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a Municipality aims to achieve within a given time period.
Service Delivery Budget Implementation Plan	Detailed plan approved by the mayor for implementing the Municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time FT/PT	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance %	Percentage Apologies for non-attendance %
J Donson	FT	Mayco / Council	Ward	100%	0%
P Antonie	FT	Mayco / Portfolio Administration / Council / MPAC	Party Representative	100%	0%
H Ruiters	FT	Mayco / Portfolio Technical / Council	Ward	100%	0%
M Barry	PT	Council / Mayco	Ward	100%	0%
W Meshoa	PT	Council	Ward	100%	0%
J Johnson	PT	Council	Ward	100%	0%
A Theron	PT	Council	Ward	100%	0%

TABLE 72: COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Local Labour Forum	To regulate HR matters
Audit Committee	To have oversight with regard to finance (MFMA) and legislative requirements
MPAC Committee	To have oversight with regard to the Annual Report
Technical Committee	To have oversight with regard to Technical projects
Risk Committee	To have oversight with regard to the Risk Management function

TABLE 73: COMMITTEES AND COMMITTEE PURPOSES

APPENDIX C – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Constitution Schedule 4 and 5 Part B functions:	
Air pollution	YES
Building regulations	YES
Child care facilities	YES
Electricity and gas reticulation	YES
Firefighting services	YES
Local tourism	YES
Municipal airports	YES
Municipal planning	YES
Municipal health services	YES

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Municipal public transport	YES
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	YES
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	NO
Stormwater management systems in built-up areas	YES
Trading regulations	NO
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal systems	YES
Beaches and amusement facilities	NO
Billboards and the display of advertisements in public places	NO
Cemeteries, funeral parlours and crematoria	YES
Cleansing	YES
Control of public nuisances	PARTIAL
Control of undertakings that sell liquor to the public	NO
Facilities for the accommodation, care and burial of animals	NO
Fencing and fences	YES
Licensing of dogs	YES
Licensing and control of undertakings that sell food to the public	YES
Local amenities	YES
Local sport facilities	YES
Markets	NO
Municipal abattoirs	YES
Municipal parks and recreation	YES
Municipal roads	YES
Noise pollution	YES
Pounds	NO
Public places	YES
Refuse removal, refuse dumps and solid waste disposal	YES

Municipal Functions	
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*
Street trading	YES
Street lighting	YES
Traffic and parking	YES

TABLE 74: MUNICIPAL FUNCTIONS

APPENDIX D – WARD REPORTING

Functionality of Ward Committees				
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of quarterly public ward meetings held during year
Nissenville Ward 1	Councillor J Donson	Yes	The ward commitees was esblished 01 April 2017	3
Calitzdorp Ward 2	Councillor W Meshoa	Yes	The ward commitees was esblished 01 April 2017	4
Zoar Ward 3	Executive Mayor M Barry	Yes	The ward commitees was esblished 01 April 2017	4
Ladismith Ward 4	Speaker A Theron	Yes	The ward commitees was esblished 01 April 2017	4

TABLE 75: FUNCTIONALITY OF WARD COMMITTEES

APPENDIX E – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2017 to 30 June 2018		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	M. Barry	None
Member of MayCo / Exco		
Deputy Mayor	P. Antonie	None
Speaker	A. Theron	None
Ward 1 Councillor	J.Donson	None
Ward 3 Councillor	W. Meshoa	None
PR Councillor DA	J.Johnsn	None
PR Councillor ICOSA	H. Ruiters	None
Municipal Manager	R. Stevens	10 Sasol shares
Chief Financial Officer	B. Strydom	None
Deputy MM and (Executive) Directors		
Acting CFO	K. Cooper	None
Director Corporate Services	H. Barnard	None

TABLE 76: DISCLOSURES OF FINANCIAL INTERESTS

APPENDIX H (I): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						R' 000
Vote Description	Year 2016-2017	Current: Year 2018-2019			Year 2017-2018 Variance	
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive Council	–	–	26 037	20 220		
Vote 2 - Corporate Services	–	–	22 450	12 188		
Vote 3 - Financial Services	–	–	35 107	27 011		
Vote 4 - Technical Services	–	–	1 625	1 379		
Vote 5 - Community Services						
Example 6 - Vote 6						
Example 7 - Vote 7						
Example 8 - Vote 8						
Example 9 - Vote 9						
Example 10 - Vote 10						
Example 11 - Vote 11						
Example 12 - Vote 12						
Example 13 - Vote 13						
Example 14 - Vote 14						
Example 15 - Vote 15						
Total Revenue by Vote	**–**	**–**	**85**	**61**	**–**	**–**

TABLE 77: REVENUE COLLECTION PERFORMANCE BY VOTE

APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						R '000
Description	Year 2016-2017	Year 2018-2019			Year 2017-2018 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	–	–	23 629	16 275	100%	-45%
Property rates - penalties & collection charges			–		#DIV/0!	#DIV/0!
Service Charges - electricity revenue	–	–	46 315	44 924	100%	-3%
Service Charges - water revenue	–	–	13 296	12 962	100%	-3%
Service Charges - sanitation revenue	–	–	6 285	5 801	100%	-8%
Service Charges - refuse revenue	–	–	5 741	5 985	100%	4%
Service Charges - other	–		–	–	#DIV/0!	#DIV/0!
Rentals of facilities and equipment	–	–	471	516	100%	9%
Interest earned - external investments	–	–	794	669	100%	-19%
Interest earned - outstanding debtors	–	–	5 147	49	100%	-10389%
Dividends received	–	–	–		#DIV/0!	#DIV/0!
Fines	–	–	8 480	5 657	100%	-50%
Licences and permits	–	–	170	173	100%	2%
Agency services	–	–	1 020	1 053	100%	3%
Transfers recognised - operational	–	–	38 597	28 667	100%	-35%
Other revenue	–	–	524	5 375	100%	90%
Gains on disposal of PPE					#DIV/0!	#DIV/0!
Enviromental Proctection					#DIV/0!	#DIV/0!
Total Revenue (excluding capital transfers and contributions)	**–**	**–**	**150 470**	**128 108**	**100,00%**	**-17,46%**

TABLE 78: REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDIX I: CAPITAL PROGRAMME

Capital Programme by Project: 2018					
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Water					
WSIG	8000	0	5025	100%	-59%
Drought	3245	3245	3245	0%	0%
				#DIV/0!	#DIV/0!
Sanitation/Sewerage					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Electricity					
Electrification of Boreholes	2000	2000	2000	0%	0%
"Project B"				#DIV/0!	#DIV/0!
Housing					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Refuse removal					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Stormwater					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Economic development					
"Project A"				#DIV/0!	#DIV/0!

Capital Programme by Project: 2018 ,					
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
"Project B"				#DIV/0!	#DIV/0!
Sports, Arts & Culture					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Environment					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Health					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!
Roads					
Proclaimed roads	8392	8392	8392	0%	0%
"Project B"				#DIV/0!	#DIV/0!
ICT and Other					
"Project A"				#DIV/0!	#DIV/0!
"Project B"				#DIV/0!	#DIV/0!

Table 79: CAPITAL PROGRAMME

VOLUME II: ANNUAL FINANCIAL STATEMENTS

3rd Draft

14 Feb 2020



KANNALAND

MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2019

CONTENTS

General Information	1 - 2
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of comparison of budget and actual amounts - Statement of financial position	8 - 9
Statement of comparison of budget and actual amounts - Statement of financial performance	10 - 11
Statement of comparison of budget and actual amounts - Cash flow statement	12 - 13
Accounting Policies	14 - 48
Notes to the Financial Statements	49 - 83

APPENDICES - Unaudited

A	Schedule of External Loans	84
B	Segmental Statement of Financial Performance - Municipal Votes	85
C	Segmental Statement of Financial Performance	86
D	Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	87

GENERAL INFORMATION

Legal Form:	Category B Local Authority
Legislation:	The most important legislation governing Kannaland Municipality in terms of financial operations are: Constitution of the Republic of South Africa, 1996 and regulations; Municipal Finance Management Act, (MFMA) 2003 (Act No. 56 of 2003) and regulations issued in terms of the Act; Annual Division of Revenue Act, (DORA) 2018 (Act No. 2 of 2018); Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997); Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005); Municipal Structures Act, 1998 (Act No. 117 of 1998) and regulations issued in terms of the Act; Municipal Systems Act, 2000 (Act. No. 32 of 2000) and regulations issued in terms of the Act; Municipal Property Rates Act, 2004 (Act No. 6 of 2004) and the regulations issued in terms of the Act; Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and regulations issued in terms of the Act; Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) and regulations issued in terms of the Act; and Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) This list is however not exhausted.
Principal activities:	The major principal activities that the Municipality render within its jurisdiction area include: The provision and maintenance of Amenities, such as ablution, recreational, hall facilities; Building control services; Cemeteries; Disaster management; Electricity supply services; Environmental Pollution control and Management; Fires services and prevention; Library services; Law enforcement services, including vehicle and driver registration and traffic services; Creation and maintenance of Parking areas; Refuse Removal services; Social and Economical development; Spatial planning; Street and Storm water services; Street cleaning and Street lighting; Creation, operating and maintaining of Sport facilities; Tourism promotion; Waste water treatment services and Water supply services.
Area of Jurisdiction:	Kannaland Municipality includes the following areas. Calitzdorp Ladismith Van Wyksdorp Zoar
Demarcation code:	WC041

GENERAL INFORMATION

Mayoral Committee:	
Executive Mayor	Ms M Barry
Deputy Executive Mayor	Mr PJ Antonie
Speaker	Ms A Theron
Ward Councillors:	Ward 1 - Ald J Donson Ward 2 - Clr WP Meshoa Ward 3 - Clr M Barry Ward 4 - Clr A Theron
Proportional Representative Councillors:	Clr PJ Antonie Clr HD Ruiters Clr J Johnson
Auditors:	Auditor General of South Africa Private Bag X1 CHEMPET 7442
Municipal Manager:	Mr R Stevens
Chief Financial Officer:	Mr R Butler
Registered Office:	32 Church Street LADISMITH 6655
Postal address:	PO Box 30 LADISMITH 6655
Telephone:	(028) 551 8000
Facsimile:	(028) 551 1766
Website:	www.kannaland.gov.za

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 JUNE 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 4 to 82, which have been prepared on the going concern basis, were approved by the accounting officer and signed accordingly by:

Mr R Stevens
ACCOUNTING OFFICER
Date: 14.02.2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	2019 R (Actual)	2018 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		**250,299,688**	**239,488,801**
Accumulated Surplus/(Deficit)		250,299,688	239,488,801
Non-Current Liabilities		**27,308,433**	**27,440,938**
Long-term Liabilities	2	1,435,100	1,940,547
Employee Benefits	3	11,126,844	11,635,882
Non-Current Provisions	4	14,746,489	13,864,509
Current Liabilities		**70,298,592**	**64,623,558**
Consumer Deposits	5	964,206	953,257
Current Employee benefits	6	5,921,539	4,990,903
Payables from exchange transactions	8	48,668,190	45,335,492
Unspent Conditional Government Grants and Receipts	9	14,231,073	12,885,864
Operating Lease Liability	18.2	8,027	5,750
Current Portion of Long-term Liabilities	2	505,557	452,292
Total Net Assets and Liabilities		**347,906,713**	**331,553,297**
ASSETS			
Non-Current Assets		**327,042,004**	**320,055,294**
Property, Plant and Equipment	11	325,508,065	318,387,373
Investment Property	12	1,488,659	1,594,077
Intangible Assets	13	45,280	73,844
Current Assets		**20,864,709**	**11,498,003**
Inventory	14	2,024,977	177,209
Receivables from exchange transactions	16	2,735,932	3,315,609
Receivables from non-exchange transactions	17	2,101,064	1,715,680
Operating Lease Asset	18.1	51,308	34,747
Taxes	10	2,320,194	4,706,045
Cash and Cash Equivalents	19	11,631,234	1,548,713
Total Assets		**347,906,713**	**331,553,297**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 (Actual) R	2018 (Restated) R
REVENUE			
Revenue from Non-exchange Transactions		**81,911,996**	**92,363,147**
Taxation Revenue		**16,275,282**	**16,830,249**
Property Rates	21	16,275,282	16,830,249
Transfer Revenue		**58,241,461**	**67,962,432**
Government Grants and Subsidies-Operational	22	39,897,721	47,483,311
Government Grants and Subsidies-Capital		18,343,740	20,479,121
Other Revenue		**7,395,253**	**7,570,466**
Fines, Penalties and Forfeits		6,020,989	5,661,270
Interest Earned - non exchange transactions		1,183,267	1,909,196
Contributed Property, Plant and Equipment		190,997	-
Revenue from Exchange Transactions		**76,197,227**	**74,535,982**
Service Charges	23	69,672,405	68,681,987
Rental from Fixed Assets		516,497	545,690
Interest Earned - external investments		732,342	507,610
Interest Earned - outstanding receivables		3,653,104	2,514,695
Licences and Permits		172,889	139,405
Agency and Collection Services		1,053,323	1,867,996
Operational Revenue		15,322	16,939
Sales of Goods and Rendering of Services		381,345	261,660
Total Revenue		**158,109,223**	**166,899,129**
EXPENDITURE			
Employee related costs	24	55,437,037	47,694,047
Remuneration of Councillors	25	3,323,290	2,975,406
Bad Debts Written -off		8,575,107	27,474,148
Depreciation and Amortisation	27	13,469,197	12,418,383
Inventory Consumed	33	1,360,328	1,241,098
Finance Costs	29	(2,866,091)	2,388,847
Bulk Purchases	30	35,536,554	32,580,546
Contracted Services	31	14,065,481	22,157,398
Operational Costs	32	7,912,589	9,105,624
Operating Leases		558,970	318,207
Transfers and Subsidies	34	405,612	303,742
Total Expenditure		**137,778,074**	**158,657,446**
Operating Surplus		**20,331,149**	**8,241,683**
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value		(49,756)	(323,575)
Impairment Loss/(Reversal of Impairment Loss) on Receivables	26	(8,810,385)	7,280,364
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	28	(512,443)	(4,183)
Gains/(Loss) on Sale of Fixed Assets		(147,678)	(2,692,359)
NET SURPLUS/(DEFICIT) FOR THE YEAR		**10,810,887**	**12,501,930**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Note	Accumulated Surplus/ (Deficit)	Total
		R	R
Balance as at 1 JULY 2017		**222,755,343**	**222,755,343**
Change in accounting policy	**36**	11,233,429	**11,233,429**
Correction of error	**35.2**	(7,001,901)	**(7,001,901)**
Restated Balance as at 1 JULY 2017		**226,986,871**	**226,986,871**
Net Surplus for the year	**35.2**	12,501,930	12,501,930
Balance as at 30 JUNE 2018		**239,488,801**	**239,488,801**
Net Surplus for the year		10,810,887	10,810,887
Balance as at 30 JUNE 2019		**250,299,688**	**250,299,688**

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		88,068,811	102,655,605
Government		59,586,669	70,569,105
Interest		5,568,713	4,931,501
Payments			
Suppliers and employees		(127,597,521)	(157,162,516)
Finance charges	29	2,866,091	(2,388,847)
Transfers and Grants	34	(405,612)	(303,742)
Cash generated by operations	38	**28,087,151**	**18,301,106**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	11	(17,563,397)	(16,536,830)
Decrease in current Investments		-	-
Net Cash from Investing Activities		**(17,563,397)**	**(16,536,830)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(452,182)	(513,847)
Increase in Consumer Deposits		10,949	20,910
Net Cash from Financing Activities		**(441,233)**	**(492,937)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,082,521**	**1,271,338**
Cash and Cash Equivalents at the beginning of the year		1,548,713	277,375
Cash and Cash Equivalents at the end of the year	39	11,631,234	1,548,713
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,082,521**	**1,271,338**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)	Explanations for material variances (Amounts over/above R1.5 million)
ASSETS				
Current assets				
Cash	11,631,234	560,000	11,071,234	Variances are due to incorrect use of contra items on the statement of financial position while performing the budget.
Consumer debtors	4,836,996	62,964,176	(58,127,180)	
Other Receivables	2,371,502	-	2,371,502	
Inventory	2,024,977	-	2,024,977	
Total current assets	20,864,709	63,524,176	(42,659,467)	
Non current assets				
Investment	-	-	-	
Investment property	1,488,659	-	1,488,659	
Property, plant and equipment	325,508,065	347,815,398	(22,307,333)	
Intangible Assets	45,280	-	45,280	
Total non current assets	327,042,004	347,815,398	(20,773,394)	
TOTAL ASSETS	347,906,713	411,339,574	(63,432,861)	
LIABILITIES				
Current liabilities				
Borrowing	505,557	512,000	(6,443)	
Consumer deposits	964,206	-	964,206	
Trade and other payables	62,899,263	43,515,756	19,383,507	
Operating Leases	8,027	-	8,027	
Provisions and Employee Benefits	5,921,539	-	5,921,539	
Total current liabilities	70,298,592	44,027,756	26,270,836	
Non current liabilities				
Borrowing	1,435,100	1,803,082	(367,982)	
Provisions and Employee Benefits	25,873,333	36,048,000	(10,174,667)	
Total non current liabilities	27,308,433	37,851,082	(10,542,649)	
TOTAL LIABILITIES	97,607,025	81,878,838	15,728,187	
NET ASSETS	250,299,688	329,460,736	(79,161,048)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	250,299,688	47,137,174	203,162,514	
TOTAL COMMUNITY WEALTH/EQUITY	250,299,688	47,137,174	203,162,514	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Original Budget)	2019 R (Adjustments)	2019 R (Final Budget)
ASSETS			
Current assets			
Cash	560,000	-	560,000
Call investment deposits	950,000	-	950,000
Consumer debtors	62,964,176	-	62,964,176
Other Receivables	-	-	-
Current portion of long-term receivables	-	-	-
Inventory	-	-	-
Total current assets	64,474,176	-	64,474,176
Non current assets			
Investments	-	-	-
Investment property	-	-	-
Property, plant and equipment	347,815,398	-	347,815,398
Intangible Assets	-	-	-
Heritage Assets	-	-	-
Total non current assets	347,815,398	-	347,815,398
TOTAL ASSETS	412,289,574	-	412,289,574
LIABILITIES			
Current liabilities			
Bank overdraft	-	-	-
Borrowing	512,000	-	512,000
Consumer deposits	-	-	-
Trade and other payables	43,515,756	-	43,515,756
Provisions and Employee Benefits	-	-	-
Total current liabilities	44,027,756	-	44,027,756
Non current liabilities			
Borrowing	1,803,082	-	1,803,082
Provisions and Employee Benefits	36,048,000	-	36,048,000
Total non current liabilities	37,851,082	-	37,851,082
TOTAL LIABILITIES	81,878,838	-	81,878,838
NET ASSETS	330,410,736	-	330,410,736
COMMUNITY WEALTH			
Accumulated Surplus/(Deficit)	47,137,174	-	47,137,174
TOTAL COMMUNITY WEALTH/EQUITY	47,137,174	-	47,137,174

No adjustments were made to the original budget.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)	% (Variance)	Explanations for material adjustments (Amounts above or below 10%)
REVENUE BY SOURCE					
Property rates	16,275,282	23,629,496	(7,354,214)	(31.1%)	Council allowed for a rebate which was not in the budget.
Service charges	69,672,405	71,637,568	(1,965,163)	(2.7%)	
Rental of facilities and equipment	516,497	470,500	45,997	9.8%	
Interest earned - external investments	732,342	793,870	(61,528)	(7.8%)	
Interest earned - outstanding debtors	4,836,371	5,146,920	(310,549)	(6.0%)	
Fines, Penalties and Forfeits	6,020,989	8,480,300	(2,459,311)	(29.0%)	Budget was based on historic figures while current year traffic fines issued decreased.
Licences and permits	172,889	169,500	3,389	2.0%	
Agency and collection services	1,053,323	1,220,000	(166,677)	(13.7%)	Budget was based on historic figures while current year revenue decreased.
Government Grants and Subsidies	39,897,721	39,652,160	245,561	0.6%	
Other revenue	396,667	323,900	72,767	22.5%	These figures correlate to building and other activities and thus linked to the performance of the local economy.
Total Operating Revenue	139,574,486	151,524,214	(11,949,728)		
EXPENDITURE BY TYPE					
Employee related costs	55,437,037	55,171,654	265,383	0.5%	
Remuneration of councillors	3,323,290	3,130,650	192,640	6.2%	
Debt impairment	8,575,107	14,183,000	(5,607,893)	(39.5%)	Budget figures were based on historic figures, but the prior year impairment was higher due to new application of policy.
Depreciation & asset impairment	13,469,197	10,660,845	2,808,352	26.3%	Due to an increase in infrastructure and other assets, depreciation increased.
Finance charges	(2,866,091)	920,638	(3,786,729)	(411.3%)	Accounting entries on provision for landfill sites caused in a reduction of interest. This provision is calculated at year end by external experts, thus would not be known when the budget was performed.
Bulk purchases	35,536,554	32,258,681	3,277,873	10.2%	Difficult to budget due to NERSA increases.
Other expenditure	24,302,980	34,296,769	(9,993,789)	(29.1%)	Savings on expenditure.
Total Operating Expenditure	137,778,074	150,622,237	(12,844,163)		
	1,796,412	901,977	894,435		
Government Grants and Subsidies - Capital	18,343,740	23,448,200	(5,104,460)	(21.8%)	The recognition criteria for some grant income was not met during the year and were carried over.
Gains/(Loss) on Sale of Fixed Assets	(147,678)	-	(147,678)	100.0%	
Contributed Assets	190,997	-	190,997	100.0%	
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(49,756)	-	(49,756)	100.0%	There were no provision made in the budget for accounting entries relating to these areas that require professional judgement and interpretations.
Impairment Loss/(Reversal of Impairment Loss) on Receivables	(8,810,385)	-	(8,810,385)	100.0%	
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	(512,443)	-	(512,443)	100.0%	
	10,810,887	24,350,177	(4,019,028)		

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Original Budget)	2019 R (Adjustments)	2019 R (Final Budget)	
REVENUE BY SOURCE				
Property rates	20,113,078	3,516,418	23,629,496	There was an issue with the system calculating rates incorrectly with the initial budget.
Service charges	74,994,195	(3,356,627)	71,637,568	There was an issue with the system calculating rates incorrectly with the initial budget.
Rental of facilities and equipment	908,980	(438,480)	470,500	
Interest earned - external investments	500,000	293,870	793,870	
Interest earned - outstanding debtors	5,326,920	(180,000)	5,146,920	
Dividends	3,000	(3,000)	-	
Fines, Penalties and Forfeits	8,486,000	(5,700)	8,480,300	
Licences and permits	152,094	17,406	169,500	
Agency services	960,000	260,000	1,220,000	
Government Grants and Subsidies - Operating	33,145,800	6,506,360	39,652,160	Additional grants proclaimed.
Other revenue	1,876,150	(1,552,250)	323,900	
Total Operating Revenue	146,466,217	5,057,997	151,524,214	
EXPENDITURE BY TYPE				
Employee related costs	55,215,411	(43,757)	55,171,654	
Remuneration of councillors	3,052,500	78,150	3,130,650	
Debt impairment	16,017,520	(1,834,520)	14,183,000	Indications showed there might be a decrease in provision.
Depreciation & asset impairment	10,660,845	-	10,660,845	
Finance charges	421,630	499,008	920,638	
Bulk purchases	32,258,681	-	32,258,681	
Grants and subsidies paid	3,126,000	(160,000)	2,966,000	
Other expenditure	23,224,656	8,106,113	31,330,769	Increase in anticipated general expenditure.
Loss on disposal of PPE		-	-	
Total Operating Expenditure	143,977,243	6,644,994	150,622,237	
Operating Surplus/(Deficit) for the year	2,488,974	(1,586,997)	901,977	
Government Grants and Subsidies - Capital	44,648,200	(21,200,000)	23,448,200	Grants initially budgeted for were not received.
Gains/(Loss) on Sale of Fixed Assets	-	-	-	
Contributed Assets	-	-	-	
Net Surplus/(Deficit) for the year	47,137,174	(22,786,997)	24,350,177	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2019 R (Actual)	2019 R (Final Budget)	2019 R (Variance)	Explanations for material variances over/above R1.5 million
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	88,068,811	73,714,646	14,354,165	Variances are due to incorrect use of contra items on the statement of financial position while performing the budget.
Government - operating	41,242,929	3,917,527	37,325,402	
Government - capital	18,343,740	23,332,577	(4,988,837)	
Interest	5,568,713	4,601,370	967,343	
Payments				
Suppliers and Employees	(127,597,521)	(122,386,754)	(5,210,767)	
Finance charges	2,866,091	(920,638)	3,786,729	
Transfers and Grants	(405,612)	(751,000)	345,388	
NET CASH FROM/(USED) OPERATING ACTIVITIES	28,087,151	(18,492,272)	46,579,423	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(17,563,397)	(25,119,200)	7,555,803	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(17,563,397)	(25,119,200)	7,555,803	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing		-		
Increase/(decrease) in consumer deposits	10,949	-	10,949	
Payments				
Repayment of borrowing	(452,182)	(720,000)	267,818	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(441,233)	(720,000)	278,767	
NET INCREASE/(DECREASE) IN CASH HELD	10,082,521	(44,331,472)	54,413,993	
Cash and Cash Equivalents at the beginning of the year	1,548,713	1,544,906	3,807	
Cash and Cash Equivalents at the end of the year	11,631,234	(42,786,566)	54,417,800	

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

ADJUSTMENTS TO APPROVED BUDGET

	2019 R (Approved Budget)	2019 R (Adjustments)	2019 R (Final Budget)	
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	89,795,817	(16,081,171)	73,714,646	Variances are due to incorrect use of contra items on the statement of financial position while performing the budget.
Government - operating	33,145,800	(29,228,273)	3,917,527	
Government - capital	44,648,200	(21,315,623)	23,332,577	
Interest	3,433,600	1,167,770	4,601,370	
Payments		-		
Suppliers and Employees	(122,861,248)	474,494	(122,386,754)	
Finance charges	(421,630)	(499,008)	(920,638)	
Transfers and Grants	(551,000)	(200,000)	(751,000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	47,189,539	(65,681,811)	(18,492,272)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-		
Decrease/(increase) in non-current receivables	-	-		
Decrease/(increase) in non-current investments	-	-	-	
Payments		-		
Capital assets	(44,648,200)	19,529,000	(25,119,200)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(44,648,200)	19,529,000	(25,119,200)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments		-		
Repayment of borrowing	(720,000)		(720,000)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(720,000)	-	(720,000)	
NET INCREASE/(DECREASE) IN CASH HELD	1,821,339	(46,152,811)	(44,331,472)	
Cash and Cash Equivalents at the beginning of the year	560,000	984,906	1,544,906	
Cash and Cash Equivalents at the end of the year	2,381,339	(45,167,905)	(42,786,566)	

INSERT ACCOUNTING POLICY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
2	**LONG-TERM LIABILITIES**		
	Annuity Loans - At amortised cost		
	Previously stated	1,940,657	2,387,019
	Correction of error		2,386,683
			336
	Capitalised Lease Liability - At amortised cost		5,820
	Previously stated	-	4,407
	Correction of error		1,413
		1,940,657	2,392,839
	Current Portion transferred to Current Liabilities	505,557	452,292
	Annuity Loans - At amortised cost	505,557	446,472
	Capitalised Lease Liability - At amortised cost	-	5,820
	Previously stated		4,407
	Correction of error		1,413
		1,435,100	1,940,547
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	1,435,100	1,940,547

The Municipality entered into an agreement with DBSA on 30 April 2008 to consolidate previous loans with a new rescheduled loan amounted to R11 587 526,79 at a rate of 12,5% to be paid back in 180 monthly instalments. The calculation of the instalments is based on the actual number of days and shall be payable in arrears on the last business day of each month.

The obligations under annuity loans are scheduled below:

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	720,000	720,000
Payable within two to five years	1,659,654	2,378,268
Payable after five years	-	-
	2,379,654	3,098,268
Less: Future finance obligations	(438,997)	(711,249)
Present value of annuity obligations	1,940,657	2,387,019

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	-	5,889
Payable within two to five years	-	-
Payable after five years	-	-
	-	5,889
Less: Future finance obligations	-	(69)
Present value of lease obligations	-	5,820

Leases are secured by property, plant and equipment - Note 11

The Municipality leases printers and copiers from Nashua and Minolta for a 36 months period. The present value of the lease obligations has been determined by discounting the fixed monthly premiums at the prime interest rate.

The Hefcom lease liability relates to the settlement arrangement reached for leasing water meters. The terms of the agreement are 24 months payments at a fix rate. The present value is determined by discounting the fixed monthly premiums at the prime interest rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
3	**EMPLOYEE BENEFITS**		
	Post Retirement Benefits - Refer to Note 3.1	9,414,247	9,712,410
	Long Service Awards - Refer to Note 3.2	1,712,597	1,923,471
	Total Non-current Employee Benefit Liabilities	**11,126,844**	**11,635,881**
	Post Retirement Benefits		
	Balance 1 July	10,140,688	11,605,644
	Contribution for the year	481,635	496,155
	Interest Cost	950,439	1,092,885
	Expenditure for the year	(428,277)	(447,965)
	Actuarial Gain	(1,273,111)	(2,606,031)
	Total post retirement benefits 30 June	**9,871,374**	**10,140,688**
	Less: Transfer of Current Portion - Note 6	(457,127)	(428,277)
	Balance 30 June	**9,414,247**	**9,712,410**
	Long Service Awards		
	Balance 1 July	2,191,703	2,076,268
	Contribution for the year	194,192	144,305
	Interest Cost	176,778	125,617
	Expenditure for the year	(268,232)	(55,841)
	Actuarial Loss/ Gain	(314,870)	(98,647)
	Total long service 30 June	**1,979,571**	**2,191,703**
	Less: Transfer of Current Portion - Note 6	(266,974)	(268,232)
	Balance 30 June	**1,712,597**	**1,923,471**
	TOTAL NON-CURRENT EMPOLYEE BENEFITS		
	Balance 1 July	12,332,391	13,681,913
	Contribution for the year	675,827	640,460
	Interest cost	1,127,217	1,218,502
	Expenditure for the year	(696,509)	(503,806)
	Actuarial Gain	(1,587,981)	(2,704,678)
	Total employee benefits 30 June	**11,850,945**	**12,332,391**
	Less: Transfer of Current Portion - Note 6	(724,101)	(696,509)
	Balance 30 June	**11,126,844**	**11,635,882**

3.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	49	45
In-service (employee) non-members	63	68
Continuation members (e.g. Retirees, widows, orphans)	13	13
Total Members	**125**	**126**

The liability in respect of past service has been estimated to be as follows:

	R (m)	R (m)
In-service members	3.399	3.805
In-service non- members	1.262	1.538
Continuation members	5.210	4.797
Total Liability	**9.872**	**10.140**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
Total Liability	**11,606,000**	**11,536,000**	**10,726,849**

Experience adjustments were calculated as follows:	2019 R(m)	2018 R(m)	2017 R(m)	2016 R(m)	2015 R(m)
Liabilities: loss/(profit)	**-0.494**	**-1.854**	**0.264**	**-0.084**	**0.151**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonita's;
LA Health
Keyhealth
Hosmed
Samwumed

Key actuarial assumptions used:

	2019 %	2018 %
i) Rate of interest		
Discount rate	9.37%	9.57%
Health Care Cost Inflation Rate	6.83%	7.36%
Net Effective Discount Rate	2.38%	2.06%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

The amount recognised in the Statement of Financial Position is as follow:	2019 R	2018 R
Present value of fund obligations		
Total Liability	9,871,374	10,140,688
	9,871,374	**10,140,688**

The entire fund is unfunded.

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	10,140,688	11,605,644
Total expenses	1,003,797	1,141,075
Current service cost	481,635	496,155
Interest Cost	950,439	1,092,885
Benefits Paid	(428,277)	(447,965)
Actuarial (gains)/losses	(1,273,111)	(2,606,031)
Present value of fund obligation at the end of the year	9,871,374	10,140,688
Less: Transfer of Current Portion - Note 6	(457,127)	(428,277)
Balance 30 June	**9,414,247**	**9,712,411**

Sensitivity Analysis on the Accrued Liability

Assumption	**In service members (Rm)**	**Continuation members liability (Rm)**	**Total (Rm)**	**% change**
Central Assumptions	4.662	5.210	9.871	

The effect of movements in the assumptions are as follows:

Assumption	**Change**	**In service members (Rm)**	**Continuation members liability (Rm)**		**% change**
Health care inflation	1%	5.652	5.753	11.405	16%
Health care inflation	-1%	3.876	4.746	8.622	-13%
Post-retirement mortality	-1 year	4.810	5.401	10.211	3%
Discount Rate	1%	3.899	4.760	8.659	-12%
Discount Rate	-1%	5.636	5.745	11.381	15%
Average retirement age	-1 year	5.181	5.210	10.391	5%
Continuation of membership at retirement	-10%	3.367	5.210	8.577	-13%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	2019 R Total (R)	2018 R % change
Central Assumption		481,600	950,400	1,432,000	
Health care inflation	1%	591,200	1,106,400	1,697,600	19%
Health care inflation	-1%	395,100	822,800	1,217,900	-15%
Post-retirement mortality	-1 year	499,000	986,400	1,485,400	4%
Discount Rate	1%	400,900	912,500	1,313,400	-8%
Discount Rate	-1%	584,400	989,100	1,573,500	10%
Average retirement age	-1 year	541,100	1,012,300	1,553,400	8%
Continuation of membership at retirement	-10%	382,800	853,200	1,236,000	-14%

3.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

2019	2018
112	113

Key actuarial assumptions used:

i) Rate of interest	2019 %	2018 %
Discount rate	8.06%	8.58%
General Salary Inflation (long-term)	5.51%	6.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.42%	2.24%

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

The amount recognised in the Statement of Financial Position is as follow:	2019 R	2018 R
Present value of fund obligations	1,979,571	2,191,703
Net liability	**1,979,571**	**2,191,703**

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2017 R	2016 R	2015 R
Total Liability	**1,547,137**	**1,499,578**	**1,476,009**

Experience adjustments were calculated as follows:	2019	2018	2017	2016
Liabilities: (Gain) / loss	(187,047)	(71,658)	57,979	(71,741)

Reconciliation of present value of fund obligation:	2019 R	2018 R
Present value of fund obligation at the beginning of the year	2,191,703	2,076,268
Total expenses	102,738	214,081
Current service cost	194,192	144,305
Interest Cost	176,778	125,617
Benefits Paid	(268,232)	(55,841)
Actuarial (gains)/losses	(314,870)	(98,647)
Present value of fund obligation at the end of the year	1,979,571	2,191,703
Less: Transfer of Current Portion - Note 6	(266,974)	(268,232)
Balance 30 June	**1,712,597**	**1,923,471**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
Sensitivity Analysis on the Unfunded Accrued Liability			
Assumption	**Change**	**Liability (Rm)**	**% change**
Central assumptions		1.980	
General salary inflation	1%	2.095	6%
General salary inflation	-1%	1.874	-6%
Discount Rate	1%	1.869	-6%
Discount Rate	-1%	2.102	6%
Average retirement age	-2 yrs	1.741	-12%
Average retirement age	2 yrs	2.209	12%
Withdrawal rates	-50%	2.234	13%

3.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and was not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures have been made as defined in GRAP 25.31.

CAPE RETIREMENT FUND

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2015 revealed that the fund is in a sound financial position with a funding level of 112.1% (30 June 2014 - 112.6%).

DEFINED CONTRIBUTION FUNDS

Council contribute to the SAMWU National Provident Fund, Government Employees Pension Fund, Municipal Council Pension Fund and IMATU Retirement Fund which are all defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

4 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	**14,746,489**	**13,864,509**
Landfill Sites		
Balance 1 July	13,864,509	22,801,623
Change in accounting policy	-	(11,233,429)
Change in accounting estimate	4,813,633	-
Unwinding of discounted interest	(3,931,653)	2,296,315
Previously stated		1,421,453
Change in accounting policy		874,862
Total provision 30 June	**14,746,489**	**13,864,509**
Less: Transfer of Current Portion to Current Provisions - Refer to note 7	-	-
Balance 30 June	**14,746,489**	**13,864,509**

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Calitzdorp	Ladismith	Van Wyksdorp	Zoar	Total
Rehabilitation area (m^2)	14,500	55,000	2,500	9,500	
Cost	R	R	R	R	
Preliminary and General	876,563	2,551,375	293,125	1,003,875	4,724,938
Earthworks	3,306,250	112,500	37,500	90,000	3,546,250
Stormwater Control Measures	-	35,000	10,000	20,000	65,000
Capping	-	8,178,000	875,000	3,175,500	12,228,500
Topsoil replacement	-	1,410,000	187,500	547,500	2,145,000
Re-vegetation	200,000	470,000	62,500	182,500	915,000
Engineering Professional Fees	438,281	1,913,531	219,844	752,906	3,324,562
Authority Approval / acceptance (Closure Licence)	85,000	85,000	85,000	85,000	340,000
Total	**4,906,095**	**14,755,407**	**1,770,470**	**5,857,281**	**27,289,253**

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Location	Estimated decommission date	2019 R Cost of rehabilitation 2019 R	2018 R Cost of rehabilitation 2018 R
Calitzdorp	2021	6,154,204	10,895,191
Ladismith	2025	29,124,555	10,274,205
Van Wyksdorp	2024	3,120,171	5,397,975
Zoar	2029	18,191,826	7,404,581
		56,590,756	**33,971,952**

5 CONSUMER DEPOSITS

Electricity	802,848	775,045
Rental Properties	815	14,896
Buildings Plans	148,398	151,171
Posters	12,145	12,145
Total Consumer Deposits	**964,206**	**953,257**
Guarantees held in lieu of Electricity and Water Deposits	-	-

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

6 CURRENT EMPLOYEE BENEFITS

Current Portion of Post Retirement Benefits	457,127	428,277
Current Portion of Long-Service Provisions	266,974	268,232
Provision for Staff Leave	3,753,340	3,333,701
Staff Bonuses accrued	1,444,098	960,693
Total Current Employee Benefits	**5,921,539**	**4,990,903**

The movement in current employee benefits are reconciled as follows:

Provision for Staff Leave

Balance at beginning of year	3,333,701	3,099,624
Contribution to current portion	501,144	1,318,396
Expenditure incurred	(81,505)	(1,084,318)
Balance at end of year	**3,753,340**	**3,333,701**

Staff leave accrued to employees according to a collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

Staff Bonuses accrued

Balance at beginning of year	960,693	1,088,126
Contribution to current portion	2,892,400	1,779,507
Expenditure incurred	(2,408,995)	(1,906,940)
Balance at end of year	**1,444,098**	**960,693**

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent a portion of the bonus that has already vested for the current salary cycle.

7 PROVISIONS

Current Portion of Rehabilitation of Landfill-sites - Note 4	-	-
Total Provisions	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
8	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade Payables	35,915,602	34,139,218
	Previously stated		34,101,129
	Correction of error		38,089
	Pre-Paid Electricity	274,820	287,158
	Retentions and Guarantees	2,652,343	2,802,899
	Debtors paid in advance	1,614,962	1,482,533
	Other payables	8,210,464	6,623,684
	Total Trade Payables	**48,668,190**	**45,335,492**

Payables are being recognised net of any discounts.

Payables should be paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

9	**UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**		
	Unspent Grants	14,231,073	12,885,864
	National Government Grants	2,864,360	2,110,520
	Provincial Government Grants	8,896,162	8,304,793
	Other Grant Providers	2,470,551	2,470,551
	Total Conditional Grants and Receipts	**14,231,073**	**12,885,864**

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

10	**TAXES**		
	NET VAT RECEIVABLE/(PAYABLE)		
	VAT is receivable/payable on the cash basis.	2,320,194	4,706,045
	Provision for Impairment	-	-
	Total Net Taxes Receivables	**2,320,194**	**4,706,045**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
11	**PROPERTY, PLANT AND EQUIPMENT**		

See attached sheet

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
11	**Assets pledged as security:**		
11.1	All the assets obtained by financial leases are pledged as security. Carrying value of these assets :	-	-
	Third party payments received for losses incurred:		
	Payments received (Excluding VAT)	-	-
	Carrying value of assets written off/lost	-	-
	Deficit	-	-

11.2 Effect of changes in accounting estimates

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised.
The effect on the current and future periods are as follow :

Increase in Accumulated Depreciation: Property, plant and equipment	2019 R	2020 R	2021 R
Land and Buildings	329	658	987
Infrastructure	558,461	1,116,922	1,675,383
Community Assets	78,023	12,416	(53,191)
Other Assets	12,170	(16,777)	(45,724)

11.3 Impairment of property plant and equipment for the year

Impairment charges on Property, plant and equipment recognised in statement of financial performance	2019 R	2018 R
Other Assets		
Lease Assets	64,443	54,133
Infrastructure	-	-
Buildings	447,999	-
	-	4,183
	512,442	**58,316**

11.4 Property, Plant and Equipment which is in the process of being constructed or developed:

Infrastructure Assets		
Roads	19,594,448	33,508,890
Electricity	-	-
Water Supply	4,715,588	20,226,029
Sanitation	7,648,951	6,052,952
	7,229,909	7,229,909
Community Assets		
Other Assets	7,751,615	4,733,847
	-	-
Total Property, Plant and Equipment under construction	**27,346,063**	**38,242,737**

11.5 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:

Infrastructure Assets		
Electricity (Surya Powers)	14,579,752	33,508,891
Electricity (Electrification of Houses in Calitzdorp)	4,497,929	4,497,929
Water Supply (Swartberg dam)	-	15,728,100
Sanitation (Ladismith Waste water treatment works)	2,851,913	2,851,913
Sanitation (Upgrade of Ladismith Waste water treatment works)	7,064,056	7,064,056
Zoar Water Reticulation Upgrade	165,854	165,854
Drought relief	-	1,777,121
	-	1,423,918
Community Assets		
Community Assets (Zoar Cemetery)	7,751,615	4,733,847
Community Assets (Zoar Sports Fields Rehab)	290,261	290,251
Community Assets (Upgrading of sport fields in Calitzdorp)	126,085	126,085
	7,335,269	4,317,511

Reasons:
Legal constrains and turnover of senior key personnel

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
11.6	**Expenditure incurred to repair and maintain Property, Plant and Equipment:**		
	Other materials	1,348,789	1,107,667
	Contracted Services	795,710	928,865
	Total Repairs and Maintenance	**2,144,499**	**2,036,532**

12 INVESTMENT PROPERTY

	Net Carrying amount at 1 July	**1,594,077**	**1,699,495**
	Cost	2,183,168	2,183,168
	Accumulated Depreciation	(571,774)	(466,356)
	Accumulated Impairment	(17,317)	(17,317)
	Acquisitions	-	-
	Disposals	-	-
	Depreciation for the year	(105,418)	(105,418)
	Impairment	-	-
	Transfers from Land and Buildings	-	-
	Net Carrying amount at 30 June	**1,488,659**	**1,594,077**
	Cost	2,183,168	2,183,168
	Accumulated Depreciation	(677,192)	(571,774)
	Accumulated Impairment	(17,317)	(17,317)
	Impairment charges on Investment Properties recognised in statement of financial performance	-	-
	There are no restrictions on the realizability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.	-	-
	Revenue derived from the rental of investment property	301,752	51,757
	Operating expenditure incurred on properties generating revenue	-	-

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised.
The effect on the current and future periods are as follow :

	2018 R	2019 R	2020 R
Increase in Accumulated Depreciation: Investment Properties	-	-	-

13 INTANGIBLE ASSETS

		2019 R	2018 R
	Computer Software		
	Net Carrying amount at 1 July	**73,844**	**103,742**
	Cost	637,157	640,490
	Previously stated		619,490
	Correction of error		21,000
	Accumulated Amortisation	(563,313)	(536,748)
	Previously stated		(518,983)
	Correction of error		(17,765)
	Additions	-	-
	Amortisation	(28,564)	(29,251)
	Previously stated		(28,442)
	Correction of error		(809)
	Impairments	-	
	Disposals	-	(665)
	Net Carrying amount at 30 June	**45,280**	**73,844**
	Cost	637,157	637,157
	Accumulated Amortisation	(591,877)	(563,313)
	Accumulated Impairments	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R

The following material intangible assets are included in the carrying value above

Description	Remaining Amortisation Period	Carrying Value 2019 R	Carrying Value 2018 R
Microsoft Office and Windows software	5-10 years	45,280	73,844

No intangible asset assessed having an indefinite useful life.

There are no internal generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

Effect of changes in accounting estimates

During the current year useful lives of assets were re-assessed to ensure that assets' useful lives accurately reflect the remaining useful lives that each will be utilised.
The effect on the current and future periods are as follow :

	2018 R	2019 R	2020 R
Decrease in Accumulated Depreciation	333	335	334

14 INVENTORY

	2019 R	2018 R
Consumable Stores - Stationery and materials - At cost	706,447	81,472
Water – at cost	56,530	94,737
Land available for housing projects - At cost	1,262,000	1,000
Previously stated		-
Correction of error		1,000
Total Inventory	**2,024,977**	**177,209**
Consumable stores materials written down due to losses as identified during the annual stores counts.	49,756	323,575
Consumable stores materials surpluses identified during the annual stores counts.	-	-
Inventory recognised as an expense during the year	1,360,328	1,241,098

No inventory assets were pledged as security for liabilities.

15 CAPITALIZED RESTORATION COST

Net Carrying amount at 1 July	-	-
Previously stated		3,798,060
Correction of error		(3,798,060)
Acquisitions	-	-
Additions	-	-
Depreciation	-	-
Previously stated		(781,513)
Correction of error		781,513
Change in estimate	-	-
Impairment	-	-
Net Carrying amount at 30 June	-	-
Cost	-	-
Previously stated		11,859,279
Correction of error		(11,859,279)
Accumulated Depreciation	-	-
Previously stated		(8,842,732)
Correction of error		8,842,732
Accumulated Impairments	-	-
Refuse tip-sites financed by way of a provision - Refer to note 4	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
16	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Electricity		
	Previously stated	2,877,669	2,835,858
	Correction of error		2,857,116
			(21,258)
	Water		
	Previously stated	14,719,075	14,511,391
	Correction of error		14,569,789
			(58,398)
	Refuse		
	Previously stated	12,415,888	10,594,160
	Correction of error		10,597,054
			(2,894)
	Sewerage		
	Previously stated	11,982,097	10,363,529
	Correction of error		10,377,321
			(13,792)
	Rentals		
	Sundry Receivables	38,378	62,957
	Previously stated	963,766	1,189,016
	Correction of error		1,273,019
			(84,003)
	Total Receivables from Exchange Transactions	**42,996,873**	**39,556,911**
	Less: Allowance for Doubtful Debts	(40,260,941)	(36,241,302)
	Total Net Receivables from Exchange Transactions	**2,735,932**	**3,315,609**

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

Ageing of Receivables from Exchange Transactions:

(Electricity): Ageing

Current (0 - 30 days)	700,556	675,139
31 - 60 Days	110,637	82,832
61 - 90 Days	53,280	67,326
+ 90 Days	2,013,196	2,010,561
Total	**2,877,669**	**2,835,858**

(Water): Ageing

Current (0 - 30 days)	643,312	631,605
31 - 60 Days	518,043	449,147
61 - 90 Days	378,486	471,965
+ 90 Days	13,179,234	12,958,674
Total	**14,719,075**	**14,511,391**

(Refuse): Ageing

Current (0 - 30 days)	493,542	484,594
31 - 60 Days	323,184	332,383
61 - 90 Days	290,646	308,752
+ 90 Days	11,308,516	9,468,431
Total	**12,415,888**	**10,594,160**

(Sewerage): Ageing

Current (0 - 30 days)	495,176	512,716
31 - 60 Days	305,373	325,519
61 - 90 Days	267,459	301,797
+ 90 Days	10,914,089	9,223,497
Total	**11,982,097**	**10,363,529**

(Rentals): Ageing

Current (0 - 30 days)	-	2,626
31 - 60 Days	-	1,921
61 - 90 Days	-	1,746
+ 90 Days	38,378	56,664
Total	**38,378**	**62,957**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
(Sundry): Ageing		
Current (0 - 30 days)		
31 - 60 Days	58,767	77,431
61 - 90 Days	17,041	24,817
+ 90 Days	13,579	25,222
Total	874,379	1,061,546
	963,766	**1,189,016**
(Total): Ageing		
Current (0 - 30 days)		
31 - 60 Days	2,391,353	2,384,111
61 - 90 Days	1,274,278	1,216,619
+ 90 Days	1,003,450	1,176,808
Total	38,327,792	34,779,373
	42,996,873	**39,556,911**
Reconciliation of Provision for bad debts		
Balance at beginning of year	36,241,302	53,270,541
Contribution to provision/(Reversal of provision)	4,019,639	(17,029,239)
Balance at end of year	**40,260,941**	**36,241,302**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Rates		
Previously stated	21,143,615	20,642,323
Correction of error		21,889,425
Other Receivables		(1,247,102)
Suspense Debtors	6,946,509	7,823,434
	6,946,509	7,823,434
Total Receivables from Non-Exchange Transactions	**28,090,124**	**28,465,757**
Less: Allowance for Doubtful Debts	(25,989,060)	(26,750,078)
Total Net Receivables from Non-Exchange Transactions	**2,101,064**	**1,715,680**

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Included in Suspense Debtors is outstanding traffic fines receivable which is assessed for impairment based on expected future cash flows. A provision for doubtful debts of R5,831,293 (2018: R6,170,668) was raised against the gross amount receivable.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing		
Current (0 - 30 days)		
31 - 60 Days	840,674	816,293
61 - 90 Days	377,500	396,264
+ 90 Days	286,706	319,245
Total	19,638,736	19,110,521
	21,143,616	**20,642,323**
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	26,750,078	29,305,416
Contribution to provision	5,064,158	7,527,670
Traffic Fines Written Off	(5,825,176)	(10,083,008)
Balance at end of year	**25,989,060**	**26,750,078**

Concentrations of credit risk with respect to non-exchange receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of non - trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's non-exchange receivables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
20	**NON CURRENT INVESTMENTS**		
	Fixed Deposits		
	Previously stated	-	-
	Correction of error		17,755
			(17,755)
	Total Non- Current Investments	-	-
21	**PROPERTY RATES**		
	Actual		
	Rateable Land and Buildings		
	Rateable Land and Buildings	21,352,503	20,785,318
	Previously stated	21,352,503	20,785,318
	Correction of error		21,198,594
			(413,276)
	Less: Rebates		
	Total Assessment Rates	5,077,221	3,955,069
		16,275,282	**16,830,249**
	Valuations - 1 JULY 2013		
	Rateable Land and Buildings		
	Residential Properties -Sec 8(2)(a)	519,757,500	519,451,500
	Industrial Properties - Sec 8(2)(b)	28,263,000	28,263,000
	Business and Commercial Properties-Sec 8(2)(c)	118,632,000	118,787,000
	Farm Agricultural Purposes - Sec 8(2)(d)(i)	1,509,704,080	1,514,719,080
	Church	44,020,000	44,020,000
	Nature Reserve	55,875,000	50,269,000
	General	18,101,000	18,141,000
	State Owned - Sec 8(2)(g)	108,823,000	108,823,000
	Municipal Owned-Sec 8(2)(h)	69,037,500	58,327,500
	Total Assessment Rates	**2,472,213,080**	**2,460,801,080**

Valuations on land and buildings are required by Section 32(1)(b) of the Municipal Property Rates Act No.6 of 2004 , to be performed every four years. The last valuation came into effect on 1 July 2013.

Rates:		
Residential	1.3880c/R	1.3098c/R
Business and Commercial	2.5330c/R	2.3899c/R
State Owned	2.5330c/R	2.3899c/R
Agricultural	0.3470c/R	0.3276c/R

Rates are levied annually and monthly. Monthly rates are payable by the 15th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the municipality is entitled by law to levy, but which have subsequently been forgone by way of rebate or remission.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
22	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Unconditional Grants		
	Equitable Share	**25,362,000**	**24,023,000**
		25,362,000	24,023,000
	Conditional Grants	**32,879,461**	**43,939,432**
	Grants and donations		
	Previously stated	32,879,461	43,939,432
	Correction of error		34,759,601
			9,179,831
	Total Government Grants and Subsidies	**58,241,461**	**67,962,432**
	Government Grants and Subsidies - Capital		
	Government Grants and Subsidies - Operating	18,343,740	20,479,121
	Previously stated	39,897,721	47,483,311
	Correction of error		38,303,480
			9,179,831
		58,241,461	**67,962,432**
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Community Services		
	Corporate Services	1,077,379	1,212,000
	Executive Council	8,751,957	8,381,101
	Financial Services	79,125	77,653
	Technical Services	9,394,462	13,253,096
		13,576,538	21,015,583
		32,879,461	**43,939,432**
	The municipality does not expect any significant changes to the level of grants.		
22.1	**Equitable share**		
	Opening balance	-	-
	Grants received		
	Conditions met - Operating	25,362,000	24,023,000
	Conditions still to be met	(25,362,000)	(24,023,000)
		-	-
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
22.2	**Expanded Public Works Program (EPWP)**		
	Opening balance	-	-
	Circular 79 -self funding		
	Grants received		
	Conditions met - Operating	1,055,000	1,000,000
	Conditions met - Capital	(1,055,000)	(1,000,000)
	Conditions still to be met	-	-
		-	-
	Job creation projects in previous disadvantage areas		
22.3	**Local Government Financial Management Grant (FMG)**		
	Opening balance		
	Circular 79 -self funding	147,990	147,990
	Grants received		
	Conditions met - Operating	2,215,000	2,145,000
	Conditions met - Capital	(2,215,716)	(2,145,000)
	Conditions still to be met		
		147,274	147,990
	The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
22.4	**Municipal Infrastructure Grant (MIG)**		
	Opening balance	1,155,030	-
	Circular 79 -self funding		
	Repaid	(1,100,000)	-
	Grants received		
	Conditions met - Operating	8,392,000	10,370,000
	Conditions met - Capital	(507,800)	(518,500)
	Grant expenditure to be recovered	(7,904,229)	(8,696,470)
		35,001	1,155,030
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
22.5	**Other Grants**		
	Opening balance	11,582,847	10,131,205
	Circular 79 -self funding		
	Grants received	24,762,669	-
	Previously stated		28,110,480
	Correction of error		18,930,649
	Repaid		9,179,831
	Conditions met - Operating	(1,100,000)	(1,252,000)
	Previously stated	(10,757,204)	(13,624,186)
	Correction of error		(4,444,355)
	Conditions met - Capital		(9,179,831)
	Conditions still to be met	(10,439,511)	(11,782,652)
		14,048,801	11,582,847
22.6	**Total Grants**		
	Opening balance	12,885,867	10,279,195
	Grants received	61,786,669	71,821,105
	Circular 79 -self funding		-
	Repaid	(2,200,000)	(1,252,000)
	Conditions met - Operating	(39,897,721)	(47,483,311)
	Conditions met - Capital	(18,343,740)	(20,479,122)
	Conditions still to be met	**14,231,075**	**12,885,867**
	Disclosed as follows:		
	Unspent Conditional Government Grants and Receipts	14,231,073	12,885,864
		14,231,073	**12,885,864**
23	**SERVICE CHARGES**		
	Electricity	44,924,233	44,641,621
	Water	12,961,551	13,040,679
	Refuse removal	5,801,162	4,381,981
	Sewerage and Sanitation Charges	5,985,459	6,617,706
	Total Service Charges	**69,672,405**	**68,681,987**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
24	**EMPLOYEE RELATED COSTS**		
	Salaries and Wages	36,701,349	33,479,958
	Contributions for UIF, pensions and medical aids	6,905,843	5,497,503
	Travel, motor car, accommodation, subsistence and other allowances	4,956,125	3,410,265
	Group Insurance	48,963	72,611
	Contribution to provision - Post Retirement Medical	158,963	(1,016,991)
	Current service cost	481,635	496,155
	Interest Cost	950,439	1,092,885
	Actuarial Gains /Losses	(1,273,111)	(2,606,031)
	Contribution to provision - Long Service Awards	56,100	171,275
	Current service cost	194,192	144,305
	Interest Cost	176,778	125,617
	Actuarial Gains/Losses	(314,870)	(98,647)
	Housing benefits and allowances	291,062	203,597
	Overtime Payments	1,643,656	1,350,180
	Standby	1,565,449	1,299,216
	Bonus	2,408,995	1,779,507
	Cellphone allowance	109,776	128,530
	Staff Leave	590,757	1,318,394
	Total Employee Related Costs	**55,437,038**	**47,694,045**

KEY MANAGEMENT PERSONNEL

Municipal Manager and CFO are appointed on a contract basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager		
Annual Remuneration	1,060,014	1,005,339
Car Allowance	61,373	72,212
Contributions to UIF, Medical, Pension Funds and Bargaining Council	892	86,772
Leave	-	58,984
Cell phone allowance	20,000	37,680
Travelling reimbursement	-	36,887
Total	**1,142,279**	**1,297,874**
Remuneration of the Chief Financial Officer		
Annual Remuneration	1,079,728	788,072
Car Allowance	126,668	66,000
Contributions to UIF, Medical, Pension Funds and Bargaining Council	1,933	22,211
Cell phone allowance	32,176	20,000
Leave	-	58,811
Travelling reimbursement	-	30,999
Total	**1,240,505**	**986,093**
Remuneration of the Head of Corporate Services		
Annual Remuneration	-	966,414
Car Allowance	-	133,086
Contributions to UIF, Medical, Pension Funds and Bargaining Council	-	230,049
Housing	-	8,904
Leave paid	-	37,170
Travelling reimbursement	-	653
Total	**-**	**1,376,276**
Remuneration of the Head Technical Services		
Annual Remuneration	381,663	61,926
Car Allowance	44,263	10,000
Contributions to UIF, Medical, Pension Funds, SDL, Group Life and Bargaining Council	595	157
Cell phone allowance	12,500	2,500
Travelling reimbursement	-	3,000
Total	**439,021**	**77,583**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
25	**REMUNERATION OF COUNCILLORS**		
	Executive Mayor allowance	834,844	789,653
	Deputy Executive Mayor allowance	400,395	377,003
	Speaker allowance	691,870	640,604
	Councillors allowances	1,384,450	1,148,423
	Councillors other allowances	11,733	19,724
	Total Councillors' Remuneration	**3,323,292**	**2,975,407**
	In-kind Benefits		
	The Executive Mayor and all the committee members are full-time councillors. The Mayor, Deputy Mayor and Speaker are provided with secretarial support and an office at the cost of the Council.		
26	**IMPAIRMENT (LOSS/REVERSAL OF IMPAIRMENT LOSS) on RECEIVABLES**		
	Trade Receivables from non-exchange transactions	4,790,745	4,647,607
	Trade Receivables from exchange transactions	4,019,640	(11,927,971)
		8,810,385	**(7,280,364)**
27	**DEPRECIATION AND AMORTISATION**		
	Property Plant and Equipment	13,335,214	12,283,733
	Investment Property	105,418	105,418
	Intangible Assets	28,564	29,251
	Landfill Sites	-	-
		13,469,196	**12,418,402**
28	**IMPAIRMENT LOSS/ REVERSAL of IMPAIRMENT LOSS on FIXED ASSETS**		
	Property Plant & Equipment	512,442	4,183
	Investment Properties	-	-
	Intangible assets	-	-
		512,442	**4,183**
29	**FINANCE COSTS**		
	Other	1,570,519	2,851,291
	Previously stated		1,748,510
	Correction of error		1,102,781
	Other - Discount	(778,664)	(3,087,781)
	Previously stated		-
	Correction of error		(3,087,781)
	Long-term Liabilities	273,707	329,023
	Landfill Sites	(3,931,653)	2,296,315
	Previously stated		1,421,452
	Correction of error		874,862
	Total finance charges	**(2,866,091)**	**2,388,847**
30	**BULK PURCHASES**		
	Electricity	35,360,685	32,105,711
	Water	175,869	474,835
	Total Bulk Purchases	**35,536,554**	**32,580,546**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
31	**CONTRACTED SERVICES**		
	Accounting and Auditing	4,602,189	8,587,952
	Previously stated		3,579,116
	Correction of error		5,008,836
	Business and Financial Management	3,444,036	2,448,060
	Catering Services	-	19,202
	Housing	1,061,438	6,212,555
	Legal Advice and Litigation	566,180	1,798,732
	Maintenance of Buildings and Facilities	263,935	227,641
	Maintenance of Equipment	77,373	216,810
	Maintenance of Unspecified Assets	454,402	484,415
	Medical	1,032	1,897
	Meter Management	121,800	315,314
	Organisational	3,235,537	1,346,201
	Refuse Removal	-	(1,269)
	Security Services	7,721	(25,748)
	Traffic Fines Management	199,739	338,276
	Prepaid Electricity Vendors	-	142,713
	Water	30,100	44,647
	Total	**14,065,481**	**22,157,398**
32	**OPERATIONAL COSTS**		
	Advertising, Publicity and Marketing	12,472	112,076
	Assets less than the Capitalisation Threshold	123,845	27,993
	Bank Charges, Facility and Card Fees	286,539	204,276
	Commission	655,266	444,677
	Deeds	37,814	31,577
	Entertainment	30,560	29,146
	Insurance Underwriting	502,803	286,999
	Landfill Sites	91,725	248,950
	Membership	-	409,473
	Motor Vehicle Licence and Registrations	97,566	76,075
	Municipal Services	1,740,127	2,240,459
	Postage/Stamps/Franking Machin	393,654	222,484
	Printing, Publications and Books	385,034	234,187
	Professional Bodies, Membership and Subscription	7,347	37,008
	Remuneration to Ward Committees	215,000	-
	Seminars, Conferences, Workshops and Events	11,814	-
	Skills Development Fund Levy	399,686	337,031
	SMS Bulk Message Service	-	67,562
	Software Licences	286,425	760,225
	Staff Recruitment	-	92,400
	Telephone, Fax, Telegraph and Telex	585,570	856,164
	Travel and Subsistence	749,466	1,302,734
	Uniform and Protective Clothing	74,413	29,800
	Wet Fuel	1,225,463	1,054,326
	Total Operational Costs	**7,912,589**	**9,105,624**
33	**Inventory Consumed**		
	Consumables	11,539	83,548
	Materials and Supplies	1,348,789	1,157,549
		1,360,328	**1,241,097**
34	**Transfers and Subsidies**		
	Special projects	405,612	160,935
	Tourism development	-	142,807
		405,612	**303,742**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R

35 CORRECTION OF ERRORS IN TERMS OF GRAP 3 AND RE-CLASSIFICATIONS

Prior year adjustments due to non-compliance with accounting policy and errors

35.1

(i) During the reconciliation of long-term liabilities it was noticed that liabilities was incorrectly stated at year end. The error have been corrected and has resulted in the following corrections :
(Dt) Accumulated Surplus - Prior year opening R1,285; (Dt) Accumulated Surplus - Prior year through Finance Charges R464; (Cr) Long-term liabilities (Finance leases) R1,413; (Cr) Long-term liabilities (Annuity loans) R336.

(ii) During the reconciliation of investments it was noticed that an old investment was incorrectly disclosed as having balance when it was closed in the past. The error have been corrected and has resulted in the following corrections :
(Dt) Accumulated Surplus - Prior year opening R17,755; (Cr) Investments R17,755.

(iii) During the reconciliation of receivables it was noticed that certain account were incorrectly levied in prior years. The error have been corrected and has resulted in the following corrections :
(Dt) Accumulated Surplus - Prior year opening R939,064; (Dt) Accumulated Surplus - Through prior year surplus/deficit R488,383; (Cr) Receivables from exchange transactions - Electricity R21,258; (Cr) Receivables from exchange transactions - Water R58,398; (Cr) Receivables from exchange transactions - Refuse R2,894; (Cr) Receivables from exchange transactions - Sewerage R13,792; (Cr) Receivables from exchange transactions - Sundry R84,003; (Cr) Receivables from non-exchange transactions - Rates R1,247,102.

(iv) During the calculation for straight-lining of operating leases it was noticed that new leases wasn't added to the calculation in the prior year. The error have been corrected and has resulted in the following corrections :
(Dt) Operating lease Asset R3,286; (Cr) Accumulated Surplus - Through prior year surplus/deficit R3,286.

(v) During the reconciliation of property, plant and equipment it was found that depreciation was calculated incorrectly in the prior year. The error have been corrected and has resulted in the following corrections :
(Dt) Property, Plant and Equipment - Accumulated Depreciation R28,359; (Cr) Accumulated Surplus - Through prior year surplus/deficit R28,359.

(vi) With the annual asset count ,assets were found which were previously not included in the asset register. These assets are now for the first time recognised at fair value. The error have been corrected retrospectively and has resulted in the following corrections :
(Dt) Property, Plant and Equipment - Cost R336,513; (Dt) Accumulated Surplus - Through prior year surplus/deficit R27,943; (Cr) Property, Plant and Equipment - Accumulated Depreciation R253,258; (Cr) Accumulated Surplus - Through prior opening R111,198.

(vii) During the reconciliation of property, plant and equipment it was found that certain software items were incorrectly allocated. The error have been corrected and has resulted in the following corrections :
(Dt) Intangible Assets - Cost R21,000; (Dt) Property, Plant and Equipment - Accumulated Depreciation R18,574; (Cr) Intangible Assets - Accumulated Depreciation R18,574; (Cr) Property, Plant and Equipment - Cost R21,000.

(viii) During the reconciliation of cash and cash equivalents it was found that bank charges was duplicated in error. The error have been corrected and has resulted in the following corrections :
(Dt) Cash and cash equivalents R3,807; (Cr) Accumulated Surplus - Through prior year surplus/deficit R3,807.

(ix) It was noted that the disclosure of capitalised restoration cost on the face of the statement of financial position is contrary to the GRAP17 requirements. The costs should have been incorporated into the cost of underlying assets. The error have been corrected and has resulted in the following corrections :
(Dt) Infrastructure Assets - Solid Waste (Cost) R11,859,279; (Cr) Capitalized Restoration Cost (Cost) R11,859,279; (Dt) Capitalized Restoration Cost (Accumulated Depreciation) R8,842,732; Infrastructure Assets - Solid Waste (Accumulated Depreciation) R8,842,732.

(x) Previously certain Agency and Collection Revenue was disclosed and grouped under Operational Revenue in error. The error have been corrected and has resulted in the following corrections :
(Dt) Operational Revenue R999,869; (Cr) Agency and Collection Services R999,869.

(xi) During the reconciliation of property, plant and equipment it was noted that capital expenditure incurred in the prior year was included in the current year work in progress for Sports Fields and Stadia. The error have been corrected and has resulted in the following corrections :
(Dt) Property, Plant and Equipment - Work in Progress R38,089; (Cr) Payables from Exchange Transactions R38,089.

(xii) During the reconciliation of audit fees it was noted that prior year transactions relating to audit fees was incorrectly disclosed. The error have been corrected and has resulted in the following corrections :
(Dt) Contracted Services - Accounting and Auditing R5,008,836; (Dt) Finance charges - Other R1,102,781; (Dt) Accumulated Surplus - Through prior year opening R6,155,995; (Cr) Finance Charges - Discount R3,087,781; (Cr) Government Grants and Subsidies-Operational R9,179,831;

(xiii) It was found that municipal land have been earmarked for housing projects. This land should have been allocated to inventory at cost, but was disposed as property, plant and equipment in a prior financial year. The error have been corrected and has resulted in the following corrections :
(Dt) Inventory R1,000; Accumulated Surplus - Through prior year opening R1,000;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R

The above note 35.1 representing the narratives of the following Corrections of Errors as set out from notes 35.2 to 35.17

35.2 Accumulated Surplus

	2018 R	2017 and Prior R
Balance previously reported	**7,702,133**	**222,755,343**
Adjustments:		
Correction of error-(see note 35.1.(i))	(464)	(1,285)
Correction of error-(see note 35.1.(ii))	-	(17,755)
Correction of error-(see note 35.1.(iii))	(488,383)	(939,064)
Correction of error-(see note 35.1.(iv))	3,286	-
Correction of error-(see note 35.1.(v))	28,359	-
Correction of error-(see note 35.1.(vi))	(27,943)	111,198
Correction of error-(see note 35.1.(vii))	-	-
Correction of error-(see note 35.1.(viii))	3,807	-
Correction of error-(see note 35.1.(ix))	781,513	3,798,060
Correction of error-(see note 35.1.(ix))	(781,513)	(3,798,060)
Correction of error-(see note 35.1.(x))	999,869	-
Correction of error-(see note 35.1.(x))	(999,869)	-
Correction of error-(see note 35.1.(xi))	38,089	-
Correction of error-(see note 35.1.(xi))	(38,089)	-
Correction of error-(see note 35.1.(xii))	6,155,995	(6,155,995)
Correction of error-(see note 35.1.(xiii))	-	1,000
Total adjustments	**5,674,657**	**(7,001,901)**
Adjustments per note 36	(874,863)	11,233,429
Restated balance	**12,501,927**	**226,986,871**
Restated balance 30 JUNE 2018		**239,488,798**

35.03 CURRENT PORTION OF LONG-TERM LIABILITIES (Finance Leases)

Balance previously reported	**450,879**
Correction of error-(see note 35.1.(i))	1,413
Restated balance 30 June 2018	**452,292**

35.04 LONG-TERM LIABILITIES (Annuity Loans)

Balance previously reported	**2,386,683**
Correction of error-(see note 35.1.(i))	336
Restated balance 30 June 2018	**2,387,019**

35.05 INVESTMENTS

Balance previously reported	**17,755**
Correction of error-(see note 35.1.(ii))	(17,755)
Restated balance 30 June 2018	-

35.06 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (Rates)

Balance previously reported	**21,889,425**
Correction of error-(see note 35.1.(iii))	(1,247,102)
Restated balance 30 June 2018	**20,642,323**

35.07 RECEIVABLES FROM EXCHANGE TRANSACTIONS (Electricity)

Balance previously reported	**2,857,116**
Correction of error-(see note 35.1.(iii))	(21,258)
Restated balance 30 June 2018	**2,835,858**

35.08 RECEIVABLES FROM EXCHANGE TRANSACTIONS (Water)

Balance previously reported	**14,569,789**
Correction of error-(see note 35.1.(iii))	(58,398)
Restated balance 30 June 2018	**14,511,391**

35.09 RECEIVABLES FROM EXCHANGE TRANSACTIONS (Refuse)

Balance previously reported	**10,597,054**
Correction of error-(see note 35.1.(iii))	(2,894)
Restated balance 30 June 2018	**10,594,160**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
35.10	**RECEIVABLES FROM EXCHANGE TRANSACTIONS (Sewerage)**		
	Balance previously reported		10,377,321
	Correction of error-(see note 35.1.(iii))		(13,792)
	Restated balance 30 June 2018		10,363,529
35.11	**RECEIVABLES FROM EXCHANGE TRANSACTIONS (Sundry receivables)**		
	Balance previously reported		1,273,019
	Correction of error-(see note 35.1.(iii))		(84,003)
	Restated balance 30 June 2018		1,189,016
35.12	**OPERATING LEASE ASSET**		
	Balance previously reported		31,461
	Correction of error-(see note 35.1.(iv))		3,286
	Restated balance 30 June 2018		34,747
35.13	**CASH AND CASH EQUIVALENTS - Bank Accounts**		
	Balance previously reported		1,508,490
	Correction of error-(see note 35.1.(iv))		3,807
	Restated balance 30 June 2018		1,512,297
35.14	**CAPITALIZED RESTORATION COST**		
	Balance previously reported		3,016,547
	Correction of error-(see note 35.1.(ix))		(11,859,279)
	Correction of error-(see note 35.1.(ix))		8,842,732
	Restated balance 30 June 2018		-
35.15	**PROPERTY, PLANT AND EQUIPMENT - INFRASTRUCTURE - SOLID WASTE**		
	Balance previously reported		-
	Correction of error-(see note 35.1.(ix))		11,859,279
	Correction of error-(see note 35.1.(ix))		(8,842,732)
	Restated balance 30 June 2018		3,016,547
35.16	**PROPERTY, PLANT AND EQUIPMENT - COMMUNITY ASSETS - SPORT FIELDS AND STADIA - WORK IN PROGRESS**		
	Balance previously reported		4,193,590
	Correction of error-(see note 35.1.(xi))		38,089
	Restated balance 30 June 2018		4,231,679
35.17	**PAYABLES FROM EXCHANGE TRANSACTIONS - TRADE PAYABLES**		
	Balance previously reported		(34,101,129)
	Correction of error-(see note 35.1.(xi))		(38,089)
	Restated balance 30 June 2018		(34,139,218)
35.18	**INVENTORY - LAND AVAILABLE FOR HOUSING PROJECTS**		
	Balance previously reported		-
	Correction of error-(see note 35.1.(xi))		1,000
	Restated balance 30 June 2018		1,000

36 CHANGES IN ACCOUNTING POLICY IN TERMS OF GRAP 3

36.1 The municipality have changed it's policy on provisions with regards to the discounting rate used for calculating the time value of money. Previously the estimated investment rate was used in the calculation. Management feels that a rate closer to the risk of liability should be used as base of the calculation as it would be more relevant to the user. The accounting policy were changed to use the current borrowing rate.

The effect on the current and prior period is shown below.

Statement of Financial Position		
Non-Current Provisions	565,789	10,358,566
Accumulated Surplus/(Deficit)	-	(11,233,429)
Statement of Financial Performance		
Finance Costs	(565,789)	874,863

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
37	**CHANGES IN ESTIMATES IN TERMS OF GRAP 3**		
37.1	During the completion of a valuation of future cost of rehabilitation of landfill site the external experts came to a new estimate of the sizes of each landfill site owned by the municipality.		
	This change in estimate had the following changes the current year figures.		
	Statement of Financial Position		
	Non-Current Provisions		
	Property, Plant and Equipment - Infrastructure - Solid Waste - Cost	(4,813,633)	
	Property, Plant and Equipment - Infrastructure - Solid Waste - Accumulated Depreciation	4,813,633	
		(527,495)	
	Statement of Financial Performance		
	Depreciation	527,495	
38	**RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS**		
	Surplus/(Deficit) for the year	10,810,887	12,501,930
	Adjustments for:		
	Depreciation	13,440,633	12,389,132
	Amortisation of Intangible Assets	28,564	29,251
	Debt Impairment	8,810,385	(7,280,364)
	Transfer of Fixed Assets to Inventory	1,261,000	-
	(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	512,443	4,183
	Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	49,756	323,575
	Gains/(Loss) on Sale of Fixed Assets	147,678	2,692,359
	Contribution to current employee benefits	930,636	166,530
	Contribution from/to employee benefits	(509,038)	(1,409,407)
	Contribution to Landfill site	881,980	2,296,316
	Contribution to Landfill site - effect of change in estimate	(4,813,633)	-
	Operating lease expenditure/income accrued	(14,284)	16,967
	Operating Surplus/(Deficit) before changes in working capital	31,537,007	21,730,472
	Changes in working capital	(3,449,858)	(3,429,367)
	Increase/(Decrease) in Payables for Exchange Transactions	3,332,698	(14,639,463)
	Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	1,345,209	2,606,675
	Increase/(Decrease) in Taxes	2,385,851	207,689
	(Increase)/Decrease in Inventory	(1,897,524)	(46,985)
	(Increase)/Decrease in Trade and other receivables	(8,616,092)	8,442,717
	Cash generated/(absorbed) by operations	**28,087,149**	**18,301,104**
39	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents included in the cash flow statement comprise the following:		
	Call Investments Deposits - Note 19	8,386,533	31,916
	Cash Floats - Note 19	4,500	4,500
	Bank - Note 19	3,240,201	1,512,297
	Total cash and cash equivalents	**11,631,234**	**1,548,713**
40	**RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES**		
	Cash and Cash Equivalents - Note 39	11,631,234	1,548,713
	Less:	11,631,234	1,548,713
	Unspent Committed Conditional Grants - Note 9	(15,195,279)	(13,839,121)
	Consumer deposits	(14,231,073)	(12,885,864)
		(964,206)	(953,257)
	Resources available /(deficit) for other and working capital requirements	**(3,564,045)**	**(12,290,408)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
41	**UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION**		
	Long-term Liabilities - Note 2	1,940,657	2,392,839
	Used to finance property, plant and equipment - at cost	(1,940,657)	(2,392,839)
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

42 **BUDGET COMPARISONS**

42.1 Operational	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 (%)
Revenue by source				
Property Rates	16,275,282	23,629,496	(7,354,214)	-31.1%
Government Grants and Subsidies-Operational	39,897,721	39,652,160	245,561	0.6%
Government Grants and Subsidies-Capital	18,343,740	23,448,200	(5,104,460)	-21.8%
Public Contributions and Donations	-	-	-	0.0%
Contributed Property, Plant and Equipment	190,997	-	190,997	100.0%
Actuarial Gains	-	-	-	0.0%
Service Charges	69,672,405	71,637,568	(1,965,163)	-2.7%
Rental from Fixed Assets	516,497	470,500	45,997	9.8%
Fines, Penalties and Forfeits	6,020,989	8,480,300	(2,459,311)	-29.0%
Interest Earned - external investments	732,342	793,870	(61,528)	-7.8%
Interest Earned - outstanding receivables	3,653,104	3,807,500	(154,396)	-4.1%
Interest Earned - non exchange transactions	1,183,267	1,339,420	(156,153)	-11.7%
Licences and Permits	172,889	169,500	3,389	2.0%
Operational Revenue	15,322	16,500	(1,178)	-7.1%
Agency and Collection Services	1,053,323	1,220,000	(166,677)	-13.7%
Sales of Goods and Rendering of Services	381,345	307,400	73,945	24.1%
Expenditure by nature	**158,109,223**	**174,972,414**	**(16,863,191)**	-9.6%
Employee Related Costs	55,437,037	55,171,654	265,383	-0.5%
Remuneration of Councillors	3,323,290	3,130,650	192,640	-6.2%
Depreciation and Amortisation	13,469,197	10,660,845	2,808,352	-26.3%
Bad Debts Written -off	8,575,107	14,183,000	(5,607,893)	39.5%
Inventory Consumed	1,360,328	3,148,786	(1,788,458)	56.8%
Finance Costs	(2,866,091)	920,638	(3,786,729)	411.3%
Bulk Purchases	35,536,554	32,258,681	3,277,873	-10.2%
Operational Costs	7,912,589	12,050,841	(4,138,252)	34.3%
Operating Leases	558,970	624,000	(65,030)	10.4%
Contracted Services	14,065,481	15,507,142	(1,441,661)	9.3%
Transfers and Subsidies	405,612	2,966,000	(2,560,388)	86.3%
Total Expenditure	**137,778,075**	**150,622,237**	**(12,844,162)**	**8.5%**
Operating Surplus	**20,331,148**	**24,350,177**	**(4,019,029)**	
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	(49,756)	-	(49,756)	100.0%
Impairment Loss/(Reversal of Impairment Loss) on Receivables	(8,810,385)	-	(8,810,385)	100.0%
(Impairment Loss)/Reversal of Impairment Loss on Fixed Assets	(512,443)	-	(512,443)	100.0%
Gains/(Loss) on Sale of Fixed Assets	(147,678)	-	(147,678)	100.0%
NET SURPLUS/(DEFICIT) FOR THE YEAR	**10,810,886**	**24,350,177**	**(13,539,291)**	-55.6%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

42.2 Expenditure by Vote	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 (%)	2018 R 2019
COMMUNITY SERVICES	1,813,783	2,753,630	(939,847)	-34.1%	
CORPORATE SERVICES	29,075,713	28,969,384	106,329	0.4%	
EXECUTIVE COUNCIL	13,675,118	14,356,460	(681,342)	-4.7%	
FINANCIAL SERVICES	24,328,858	30,154,590	(5,825,732)	-19.3%	
TECHNICAL SERVICES	78,404,864	74,388,173	4,016,691	5.4%	
	147,298,336	**150,622,237**	**(3,323,901)**	**-2.2%**	

42.3 Capital expenditure by vote	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 (%)
COMMUNITY SERVICES	3,220,395	4,144,589	(924,194)	-22%
CORPORATE SERVICES	-	-	-	0%
EXECUTIVE COUNCIL	869	-	869	100%
FINANCIAL SERVICES	471,627	950,000	(478,373)	-50%
TECHNICAL SERVICES	13,919,558	20,024,611	(6,105,053)	-30%
	17,612,449	**25,119,200**	**(7,506,751)**	**-30%**

43 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

43.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure:

Opening balance	91,726,429	53,457,133
Unauthorised expenditure current year - capital	-	-
Unauthorised expenditure current year - operating	4,123,020	38,269,296
Written off by council	-	-
Transfer to receivables for recovery	**95,849,449**	**91,726,429**
Unauthorised expenditure awaiting authorisation		

Incident	Disciplinary steps/criminal proceedings		
Over expenditure on votes-operating 2015/16	None		
Over expenditure on votes-operating 2016/17	None		
Over expenditure on votes-operating (Note 39.3)	None	4,123,020	38,269,296
Over expenditure on votes-capital (Note 39.3)	None	-	-
Virements not authorised	None		

43.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	5,846,348	4,098,301
Fruitless and wasteful expenditure current year	1,570,519	1,748,047
Written off by council	-	-
Transfer to receivables for recovery	**7,416,867**	**5,846,348**
Fruitless and wasteful expenditure awaiting further action		

Incident	Disciplinary steps/criminal proceedings		
Interest and penalties on late and non payments		1,570,519	1,748,047
		1,570,519	**1,748,047**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
43.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure:		
	Opening balance	130,053,803	111,640,711
	Correction of previous years		
	Irregular expenditure current year	12,447,097	18,413,092
	Investigated and written off by Council		
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	**142,500,900**	**130,053,803**
	Irregular expenditure awaiting condonement from National Treasury	-	-

Incident	Disciplinary steps/criminal proceedings		
SCM procedures not followed	*To be investigated*	1,637,894	17,038,404
Non-compliance with the Preferential Procurement Regulations (Regulation 8)	*To be investigated*	31,910	-
Non-Compliance with Section 62(1)(b) of the Municipal Finance Management Act	*To be investigated*	88,242	-
Non–compliance with Municipal SCM Regulation 32	*To be investigated*	5,336,055	-
Due process not followed when 3 quotations were not obtained	*To be investigated*	1,964,279	-
Non-Compliance with MSA 57A(3)	*To be investigated*	1,240,505	-
Regulation 41(3) of the MFMA - Appointment of SMs	*To be investigated*	439,021	-
Non-compliance with SCM regulation 13(c) No declaration of interest	*To be investigated*	347,707	-
Non-compliance with the Government Gazette upper limits	*To be investigated*	42,151	-
Open ended contracts	*To be investigated*	1,045,346	-
Quotes above R30 000 not evaluated in terms of the PPPFA	*To be investigated*	273,987	-
SCM procedures not followed	*Forensic investigation*	-	1,374,688

Irregular expenditure include incidents that are subject to ongoing forensic investigations

		12,447,097	**18,413,092**
43.4	**Material Losses**		
	Water distribution losses		
	- Kilo litres lost during distribution	888,177	807,248
	- Percentage lost during distribution	41.98%	41.10%
	Monetary Value	5,071,490	6,937,233
	Electricity distribution losses		
	- Units lost during distribution (Kwh)	3,403,198	3,129,244
	- Percentage lost during distribution	9.50%	9.09%
	Monetary Value	4,086,834	2,772,582
	Losses in Property Rates Revenue		
	The last valuation roll came into affect on 1 July 2013. According to Section 32(1)(b) of the Municipal Property Rates Act No.6 of 2004, a valuation is valid for 4 years only. The municipality did not perform an updated valuation and therefore have possibly lost out on revenue from property rates. A monetary value could not be placed on the possible loss due to the complexities with valuing fixed property.	-	-
44	**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**		
44.1	**Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**		
	Opening balance		
	Council subscriptions	2,896,950	2,426,057
	Amount paid - current year	627,425	470,894
	Amount paid - previous years	-	-
	Balance unpaid (in dispute)	(81,469)	-
		3,442,906	**2,896,950**
44.2	**Audit fees - [MFMA 125 (1)(c)]**		
	Opening balance		
	Current year audit fee	6,487,363	6,705,920
	Write off	4,602,188	1,458,961
	Interest paid	(4,975,937)	-
	Amount paid - current year	79,345	-
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	(903,279)	(1,677,518)
		5,289,680	**6,487,363**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
44.3	**VAT - [MFMA 125 (1)(c)]**		
	VAT balance at year end - Refer to note 10		
	Closing balance - Receivable	2,320,194	4,706,045
		2,320,194	**4,706,045**
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
44.4	**PAYE, SDL and UIF - [MFMA 125 (1)(c)]**		
	Opening balance	1,377,827	2,166,918
	Current year payroll deductions and Council Contributions	9,312,648	7,453,382
	Penalties	110,015	
	Amount paid - current year	(9,106,873)	(6,705,132)
	Amount paid - previous year	(665,315)	(1,537,341)
	Balance unpaid (included in creditors)	**1,028,302**	**1,377,827**
44.5	**Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**		
	Opening balance	752,721	-
	Current year payroll deductions and Council Contributions	9,386,252	9,261,828
	Amount paid - current year	(8,579,060)	(8,509,107)
	Balance unpaid (included in creditors)	**1,559,913**	**752,721**
44.6	**Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**		
	No Councillors had arrear accounts for more than 90 days as 30 June 2019		

44.7 **Deviations from Supply Chain Management Regulations**

30 JUNE 2019:

Non-compliance summary	< R30000	>R30000 <R200000	>R200000		
Department:					
COMMUNITY SERVICES	3,300	61,295	-	64,595	
CORPORATE SERVICES	25,272	-	-	25,272	
EXECUTIVE COUNCIL	-	-	-	-	
FINANCIAL SERVICES	7,860	137,900	-	145,760	
TECHNICAL SERVICES	68,497	280,037	2,244,570	2,593,104	
Total	104,929	479,232	2,244,570	**2,828,731**	

30 JUNE 2018:

Non-compliance summary	< R30000	>R30000 <R200000	>R200000		
Department:					
COMMUNITY SERVICES	-	-	-		-
CORPORATE SERVICES	60,911	293,781	-		354,692
EXECUTIVE COUNCIL	8,614	256,864	-		265,478
FINANCIAL SERVICES	49,984	218,387	-		268,371
TECHNICAL SERVICES	119,434	375,297	2,807,588		3,302,319
Total	238,943	1,144,329	2,807,588		4,190,860

Reasons for deviations

Supplier	Department	Reason		
Alert Patrol	Corporate Services	Section 36(1)(a)(v) *	4,999	
Alert Patrol	Executive Council	Emergency		2,850
Arthurs Worksop & Towing	Community Services	Section 36(1)(a)(v) *	3,300	
Arthurs Worksop & Towing	Financial Services	Section 36(1)(a)(v) *	47,500	
Arthurs Worksop & Towing	Financial Services	Section 36(1)(a)(v) *	47,500	
Arthurs Worksop & Towing	Technical Services	Emergency		1,450
Arthurs Worksop & Towing	Technical Services	Section 36(1)(a)(v) *		15,159
Arthurs Worksop & Towing	Technical Services	Section 36(1)(a)(v) *		17,170
AS Parson	Technical Services	Emergency		26,800
Bradley Conradie Halton Cheadle	Corporate Services	Section 36(1)(a)(v) *		2,700
Bradley Conradie Halton Cheadle	Corporate Services	Section 36(1)(a)(v) *		67,135
* Continued	Executive Council			86,418

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Supplier	Department	Reason	2019 R	2018 R
Bradley Conradie Halton Cheadle	Executive Council	Section 36(1)(a)(v) *		
Breten Johannes Transport	Corporate Services	Emergency		91,446
Buffelskloof Grondverkuiwing	Corporate Services	Section 36(1)(a)(v) *		3,400
Bytes Universal Systems	Financial Services	Section 36(1)(a)(v) *		114,000
Caroline 36 CC t/a Hi Way Bande	Technical Services	Section 36(1)(a)(v) *		68,966
Caroline 36 CC t/a Hi Way Bande	Technical Services	Section 36(1)(a)(v) *	2,070	
CBL	Corporate Services	Section 36(1)(a)(v) *	54,683	
Checkin	Executive Council	Section 36(1)(a)(v) *	15,773	
Cinogen Trading CC	Community Services	Section 36(1)(a)(v) *		2,444
Cinogen Trading CC	Community Services	Section 36(1)(a)(v) *	33,120	
Cinogen Trading CC	Corporate Services	Sole Supplier	28,175	
Coastal Armature Winders & Supplies	Technical Services	Section 36(1)(a)(v) *		13,965
Coastal Armature Winders & Supplies	Technical Services	Section 36(1)(a)(v) *	54,683	
Coastal Armature Winders & Supplies	Technical Services	Section 36(1)(a)(v) *		38,212
Coastal Armature Winders & Supplies	Technical Services	Section 36(1)(a)(v) *		39,706
Coastal Armature Winders & Supplies	Technical Services	Section 36(1)(a)(v) *	11,995	
Coastal Armature Winders & Supplies	Technical Services	Section 36(1)(a)(v) *	11,995	
Coastel AM	Technical Services	Emergency		23,908
Coastel AM	Technical Services	Emergency		1,794
Coastel AM	Technical Services	Emergency		11,834
Conlog	Technical Services	Section 36(1)(a)(v) *		12,593
De Wit Begrafnisdienste	Corporate Services	Section 36(1)(a)(v) *		197,607
Du Plessis Werkswinkel	Financial Services	Section 36(1)(a)(v) *	4,500	
Du Plessis Werkswinkel	Technical Services	Emergency		30,746
East Coast Irrigation (of Element Consultin	Technical Services	Section 36(1)(a)(v) *		627
Element Consulting Engineers	Technical Services	Section 36(1)(a)(v) *		942,628
FG Uniforms	Corporate Services	Section 36(1)(a)(v) *		1,587,732
Indecon	Technical Services	Section 36(1)(a)(v) *		7,311
ISM	Financial Services	Section 36(1)(a)(v) *		64,432
Klein Karoo Slagtery	Corporate Services	Section 36(1)(a)(v) *	25,236	
Klein Karoo Slagtery	Executive Council	Section 36(1)(a)(v) *		7,782
Ladismith Spar	Corporate Services	Emergency		1,779
Ladismith Spar	Corporate Services	Section 36(1)(a)(v) *		561
Media 24 Beperk	Financial Services	Section 36(1)(a)(v) *		4,840
Metsi Chem iKapa	Technical Services	Section 36(1)(a)(v) *	17,664	
Oransie Transport	Corporate Services	Section 36(1)(a)(v) *	25,116	
PC Connection	Financial Services	Section 36(1)(a)(v) *		8,000
PC Connections	Financial Services	Section 36(1)(a)(v) *		10,609
PC Connections	Financial Services	Section 36(1)(a)(v) *		3,000
Prospero OHS	Technical Services	Section 36(1)(a)(v) *		50,400
Riversdal Electric And General	Technical Services	Section 36(1)(a)(v) *		8,100
Riversdal Electric And General	Technical Services	Section 36(1)(a)(v) *	67,436	
Riversdale Grassnyerdienste	Corporate Services	Emergency	67,436	
Roy Steele And Associates	Corporate Services	Section 36(1)(a)(v) *		12,352
Roy Steele And Associates	Executive Council	Section 36(1)(a)(v) *		79,800
Roy Steele And Associates	Financial Services	Section 36(1)(a)(v) *		79,000
SA Post Office	Corporate Services	Sole Supplier		29,500
SA Post Office	Financial Services	Sole Supplier		32,846
SA Post Office	Financial Services	Sole Supplier		706
SA Post Office	Financial Services	Sole Supplier		735
SA Post Office	Financial Services	Sole Supplier		735
SA Post Office	Financial Services	Sole Supplier		1,966
SA Post Office	Financial Services	Sole Supplier		2,734
SA Post Office	Financial Services	Sole Supplier		34,060
SA Post Office	Financial Services	Section 36(1)(a)(v) *		34,215
SA Post Office	Financial Services	Section 36(1)(a)(v) *	2,460	
U Save Ladismith	Executive Council	Section 36(1)(a)(v) *	2,460	
Ultra Water CC	Technical Services	Section 36(1)(a)(v) *	2,940	
Ultra Water CC	Technical Services	Section 36(1)(a)(v) *		1,541
Ultra Water CC	Technical Services	Section 36(1)(a)(v) *	13,872	
VE Reticulation Company	Technical Services	Section 36(1)(a)(v) *	3,450	
VE Reticulation Company	Technical Services	Section 36(1)(a)(v) *	2,244,570	
VE Reticulation Company	Technical Services	Section 36(1)(a)(v) *	35,800	
		Section 36(1)(a)(v) *		35,340
				277,227
			2,828,731	4,190,859

* Section 36(1)(a)(v)- Exceptional case and it is impractical or impossible to follow the official procurement processes

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
44.8	**Awards above R2000 to spouses, child, parent of a person in service of the state (Section 45 of the Supply Management Policy).**		
	Company / Name / Relation: None	-	-
44.9	**Other non-compliance (MFMA 125(2)(e))**		
	Creditors payments were not made within 30 days as required by the MFMA.		

45 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for:

		4,600,482	**3,270,449**
Total commitments consist out of the following:	Contract/Tender		
Zoar- Construction of Droe Vlei Reservoir	Kuthele General Projects	-	2,983,594
Upgrading of Ladismith bulk water supply	Element Consulting Engineers	-	286,855
Bloekomlaan Reservoir	Aurecon & Asla	3,319,680	-
Van Wyksdorp Street Lighting	VE Reticulation & Aurecon	1,114,509	-
Calitzdorp Investigation into availability of water	Aurecon	166,293	-
		4,600,482	**3,270,449**

This expenditure will be financed from:

External Loans	-	-
Government Grants	4,600,482	3,270,449
	4,600,482	**3,270,449**

46 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1% Increase in interest rates	(308,948)	(626,286)
0.5% Decrease in interest rates	154,474	313,143

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles.

All rates and services are payable within 30 days from invoice date. Refer to note 16 and 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 16 and 17 for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
Non-Exchange Receivables				
Rates	1.26%	253,339	2.40%	493,722
Traffic Fines	0.00%	-	18.38%	1,134,332
Exchange Receivables				
Electricity	6.51%	133,018	7.07%	144,008
Water	0.50%	70,326	2.37%	323,258
Refuse	0.00%	-	1.31%	130,897
Sewerage	1.40%	158,674	1.45%	141,222
Other	1.18%	10,988	42.16%	372,458
	0.93%	373,006	3.07%	1,111,843

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 16 and 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime borrowing rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2019 %	2019 R	2018 %	2018 R
Non-Exchange Receivables				
Rates	77.47%	20,049,603	77%	20,579,410
Traffic Fines	22.53%	5,831,293	23%	6,170,668
	100.00%	25,880,896	100%	26,750,078
Exchange Receivables				
Electricity	5.08%	2,044,095	5.62%	2,037,969
Water	34.79%	14,005,437	37.57%	13,614,926
Refuse	29.68%	11,950,774	27.54%	9,981,563
Sewerage	28.14%	11,328,247	26.83%	9,723,383
Other	2.32%	932,389	2.44%	883,461
	100.00%	40,260,942	100.00%	36,241,301

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Bad debts written off per debtor class:	2019 %	2019 R	2018 %	2019 R / 2018 R
Non-Exchange Receivables				
Rates	0.00%	-	0.00%	-
Traffic Fines	100.00%	5,659,927	100.00%	10,083,008
	100.00%	5,659,927	100.00%	10,083,008
Exchange Receivables				
Electricity	0.31%	23,803	1.44%	394,615
Water	60.29%	4,674,996	31.62%	8,687,907
Refuse	20.46%	1,586,712	32.72%	8,990,671
Sewerage	18.94%	1,468,242	32.43%	8,909,649
Other	0.00%	-	1.79%	491,306
	100.00%	7,753,753	100.00%	27,474,148

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE . The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment.

Financial assets exposed to credit risk at year end are as follows:

	2019 R	2018 R
Receivables from exchange transactions	2,735,932	3,315,609
Receivables from non-exchange transactions	2,101,064	1,715,680
Cash and Cash Equivalents	11,631,234	1,548,713
	16,468,230	6,580,002

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
Long Term liabilities - Annuity Loans	720,000	1,659,654	-	-
Capital repayments	505,557	1,435,100		-
Interest	214,443	224,554		-
Long Term liabilities - Finance Leases	-	-	-	-
Capital repayments	-	-	-	-
Interest	-	-	-	-
Provisions - Landfill Sites	-	6,154,204	50,436,552	-
Capital repayments	-	4,906,094	22,383,156	-
Interest	-	1,248,110	28,053,396	-
Trade and Other Payables	35,915,602	-	-	-
Unspent conditional government grants and receipts	14,231,073	-	-	-
	50,866,675	7,813,858	50,436,552	-

2018	Less than 1 year R	Between 1 and 5 years R	Between 5 and 10 years R	Over 10 Years R
Long Term liabilities - Annuity Loans	720,000	2,377,954	-	-
Capital repayments	446,472	1,939,091	-	-
Interest	273,528	438,863	-	-
Long Term liabilities - Finance Lease Liability	5,889	-	-	-
Capital repayments	5,820	-	-	-
Interest	69	-	-	-
Provisions - Landfill Sites	-	10,895,191	15,672,179	7,484,581
Capital repayments	-	9,694,852	10,631,628	3,896,595
Interest	-	1,200,339	5,040,551	3,587,986
Trade and Other Payables	34,139,218	-	-	-
Unspent conditional government grants and receipts	12,885,864	-	-	-
	47,750,971	13,273,145	15,672,179	7,484,581

47 FINANCIAL INSTRUMENTS

		2019 R	2018 R
	In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:		
47.1	**Financial Assets**	**Classification**	
	Receivables		
	Receivables from exchange transactions	Financial instruments at amortised cost	2,735,932 3,315,609
	Short-term Investment Deposits		
	Call Deposits	Financial instruments at amortised cost	8,386,533 31,916
	Bank Balances and Cash		
	Bank Balances	Financial instruments at amortised cost	3,240,201 1,512,297
	Cash Floats and Advances	Financial instruments at amortised cost	4,500 4,500
			14,367,166 4,864,322
	SUMMARY OF FINANCIAL ASSETS		
	Financial instruments at amortised cost		14,367,166 4,864,322
	At amortised cost		**14,367,166 4,864,322**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

			2019 R	2018 R
47.2	**Financial Liability**	**Classification**		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	1,435,100	1,940,547
	Capitalised Lease Liability	Financial instruments at amortised cost	-	-
	Payables from exchange transactions			
	Trade creditors	Financial instruments at amortised cost	35,915,602	34,139,218
	Accrued interest	Financial instruments at amortised cost	-	-
	Retentions	Financial instruments at amortised cost	2,652,343	2,802,899
	Deposits	Financial instruments at amortised cost	964,206	953,257
	Other	Financial instruments at amortised cost	8,210,464	6,623,684
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	505,557	446,472
	Capitalised Lease Liability	Financial instruments at amortised cost	-	5,820
			49,683,271	**46,911,897**
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		**49,683,271**	**46,911,897**

48 STATUTORY RECEIVABLES

In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows;

	2019 R	2018 R
Taxes		
Vat receivable	2,320,194	4,706,045
Receivables from Non Exchange Transactions		
Property rates	1,094,012	1,640,863
Fines	-	1,319,000

49 EVENTS AFTER THE REPORTING DATE

None

50 IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any in-kind donations or assistance during the year under review.

51 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

52 CONTINGENT LIABILITIES

Kannaland Municipality vs Former Employees
The Municipality is defending a claim for unfair dismissal from former employees lodged with the SALGBC. If they are successful the Municipality might possibly be liable for a sum of R1,200,000.

53 RELATED PARTIES

53.1 Related Party Loans

None

53.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 24 to the Annual Financial Statements.

53.3 Compensation of Councillors

The compensation of Councillors is set out in note 25 to the Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R

53.4 Other related party transactions

The following purchases were made during the year where Councillors or staff have an interest:

See note 44.8

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.
The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

Councillors	2019 Services and rates	2019 Outstanding Balance
A Theron		
HD Ruiters	14,899	3,981
M Barry	18,852	2,190
PJ Antonie	9,522	941
J Donson	9,194	3,818
HM Johnson	13,131	822
	1	1
	65,600	**11,753**

54 ADDITIONAL DISCLOSURE

54.1 Provincial intervention

In terms of Section 139 of the Municipal Finance Management Act nr. 56 of 2003, a mandatory provincial intervention has taken place to prepare an appropriate recovery plan for the municipality.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

11 Property, Plant and Equipment

30 JUNE 2019

	Cost							Accumulated Depreciation						Accumulated Impairment						
	Opening Balance	Correction of errors	Restated Opening Balances	Additions	Work in progress	Change in estimate	Disposals/Write off	Closing Balance	Opening Balance Accumulated Depreciation	Correction of errors	Restated Opening Balances	Depreciation Charge	Disposal of Assets	Closing balance Accumulated Depreciation	Opening Balance Accumulated Impairment	Restated Opening Balances	Impairments	Closing balance Accumulated Impairments	Total Closing Balance	Carrying value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	9,622,879	-	9,622,879	-	-	-	(1,261,000)	8,361,879	1,295,508	-	1,295,508	140,677	-	1,436,185	11,232	11,232	-	11,232	1,447,417	6,914,462
Land	5,843,881		5,843,881				(1,261,000)	4,582,881												4,582,881
Buildings	3,778,998		3,778,998					3,778,998	1,295,508		1,295,508	140,677		1,436,185	11,232	11,232		11,232	1,447,417	2,331,581
Infrastructure	417,876,393	-	417,876,393	8,308,340	5,914,607	4,813,633	(652,222)	435,360,841	138,322,039	-	138,322,039	11,314,039	(509,179)	149,126,899	519,607	519,607	447,999	967,606	150,094,505	285,266,335
Electricity	106,109,809		106,109,809	1,918,185	217,659			108,245,653	29,318,977		29,318,977	1,870,235		31,189,212	226,355	226,355		226,355	31,415,567	76,830,086
Other	752,108		752,108					752,108	215,846		215,846	41,038		256,884					512,508	239,600
Road Transport	84,347,903		84,347,903					84,347,903	27,820,497		27,820,497	2,567,142		30,402,639	2,296	2,296		2,296	30,404,935	53,942,968
Sanitation	90,018,711		90,018,711					90,018,711	32,551,591		32,551,591	2,872,490		34,924,081	74,113	74,113		74,113	34,998,194	55,020,517
Solid Waste	11,859,279		11,859,279			4,813,633		16,672,912	8,842,732		8,842,732	1,061,162		9,903,894					9,903,894	6,769,018
Water Supply	124,788,583		124,788,583	6,390,155	4,797,038		(652,222)	135,323,554	39,572,396		39,572,396	3,386,972	(509,179)	42,450,189	216,844	216,844	192,375	409,219	42,859,408	92,464,147
Community Assets	27,386,557	-	27,386,557	-	2,968,714	-	-	30,355,271	6,470,877	-	6,470,877	776,694	-	7,247,571	-	-	-	-	7,247,571	23,107,700
Cemeteries	774,915		774,915					774,915	180,741		180,741	16,442		197,183					197,183	577,732
Community Halls	10,436,248		10,436,248					10,436,248	1,845,826		1,845,826	326,503		2,172,329					2,172,329	8,263,919
Libraries	1,425,915		1,425,915					1,425,915	455,769		455,769	41,751		497,520					497,520	928,395
Other	5,347,833		5,347,833					5,347,832	2,713,750		2,713,750	231,603		2,945,353					2,945,353	2,402,480
Parks & gardens	1,750,468		1,750,468					1,750,468	284,748		284,748	62,126		346,874					346,874	1,403,594
Sports Fields & Stadia	7,651,178		7,651,178		2,968,714			10,619,892	990,044		990,044	98,269		1,088,313					1,088,313	9,531,579
Other Assets	17,656,027	-	17,656,027	1,271,646	-	-	(20,626)	18,907,047	7,535,219	-	7,535,219	1,103,804	(15,991)	8,623,032	-	-	64,443	64,443	8,687,475	10,219,572
Computers - Hardware/Equipment	1,648,296		1,648,296	348,578				1,996,874	1,122,579		1,122,579	191,498		1,314,077						
Furniture And Other Office Equipment	2,408,895		2,408,895	153,224			(7,132)	2,554,987	1,557,148		1,557,148	146,949		1,704,097			9,010	9,010	1,323,087	673,787
General vehicles	3,788,838		3,788,838	173,322				3,962,160	2,841,006		2,841,006	129,841	(5,031)	2,965,816			7,410	7,410	1,706,476	848,511
Other																	47,797	47,797	3,018,644	943,516
Plant & equipment	8,336,024		8,336,024	596,522			(13,494)	8,919,052	1,911,969		1,911,969	554,918	(10,960)	2,455,927			226	226	2,456,153	6,462,899
Specialized Vehicles	1,473,974		1,473,974					1,473,974	102,517		102,517	80,598		183,115					183,115	1,290,859
	472,541,856	-	472,541,856	9,579,986	7,983,411	4,813,633	(1,933,848)	492,985,038	153,623,643	-	153,623,643	13,335,214	(525,170)	166,433,688	530,839	530,839	512,442	1,043,281	167,476,969	325,508,065

30 JUNE 2018

	Cost							Accumulated Depreciation								Accumulated Impairment						
	Opening Balance	Corrections of errors	Restated Opening Balances	Additions	Work in progress	Change in estimate	Disposals/Write offs	Closing Balance	Opening Balance	Correction of errors	Restated Opening Balances	Depreciation Charge	Correction of errors	Restated Depreciation	Disposal of Assets	Closing balance Accumulated Depreciation	Opening Balance Accumulated Impairment	Restated Opening Balances	Impairments	Closing balance Accumulated Impairments	Total Closing Balance	Carrying value
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	9,622,879	-	9,622,879	-	-	-	-	9,622,879	1,154,831	-	1,154,831	140,677	-	140,677	-	1,295,508	7,049	7,049	4,183	11,232	1,306,740	8,316,139
Land	5,854,316	(10,435)	5,843,881					5,843,881														5,843,881
Buildings	3,768,563	10,435	3,778,998					3,778,998	1,154,831		1,154,831	140,677		140,677		1,295,508	7,049	7,049	4,183	11,232	1,306,740	2,472,258
Infrastructure	396,370,316	11,859,279	408,229,595	3,134,481	8,957,946	-	(2,445,629)	417,876,393	120,982,182	8,061,219	129,043,401	10,169,784	(8,744)	10,161,040	(882,402)	138,322,039	519,607	519,607	-	519,607	138,841,646	279,034,747
Electricity	100,352,902	-	100,352,902	-	5,756,907	-	-	106,109,809	27,510,529	-	27,510,529	1,817,192	(8,744)	1,808,448	-	29,318,977	226,355	226,355	-	226,355	29,545,332	76,564,477
Other	752,108	-	752,108	-	-	-	-	752,108	174,808	-	174,808	41,038	-	41,038	-	215,846	-	-	-	-	215,846	536,262
Road Transport	90,656,375	(5,618,195)	85,038,180	1,290,351	-	-	(1,980,629)	84,347,903	26,146,745	(465)	26,146,280	2,534,823	-	2,534,823	(860,606)	27,820,497	2,296	2,296	-	2,296	27,822,793	56,525,110
Sanitation	84,400,516	5,618,195	90,018,711	-	-	-	-	90,018,711	30,291,737	-	30,291,737	2,259,854	-	2,259,854	-	32,551,591	74,113	74,113	-	74,113	32,625,704	57,393,007
Solid Waste	-	11,859,279	11,859,279	-	-	-	-	11,859,279	-	8,061,219	8,061,219	781,513	-	781,513	-	8,842,732	-	-	-	-	8,842,732	3,016,547
Water Supply	120,208,415	-	120,208,415	1,844,129	3,201,039	-	(465,000)	124,788,583	36,858,363	465	36,858,828	2,735,364	-	2,735,364	(21,796)	39,572,396	216,844	216,844	-	216,844	39,789,240	84,999,344
Community Assets	23,379,796	-	23,379,796	-	4,231,679	-	(224,918)	27,386,557	5,762,306	0	5,762,306	855,038	-	855,038	(146,467)	6,470,877	-	-	-	-	6,470,877	20,915,680
Cemeteries	774,915	-	774,915	-	-	-	-	774,915	164,299	-	164,299	16,442	-	16,442	-	180,741	-	-	-	-	180,741	594,174
Community Halls	10,436,248	-	10,436,248	-	-	-	-	10,436,248	1,519,323	-	1,519,323	326,503	-	326,503	-	1,845,826	-	-	-	-	1,845,826	8,590,422
Libraries	1,425,915	-	1,425,915	-	-	-	-	1,425,915	414,018	-	414,018	41,751	-	41,751	-	455,769	-	-	-	-	455,769	970,146
Other	5,347,833	-	5,347,833	-	-	-	-	5,347,833	2,462,147	169,477	2,651,624	62,126	-	62,126	-	2,713,750	-	-	-	-	2,713,750	2,634,083
Parks & gardens	1,750,468	-	1,750,468	-	-	-	-	1,750,468	222,622	(114,487)	108,135	176,613	-	176,613	-	284,748	-	-	-	-	284,748	1,465,720
Sports Fields & Stadia	3,644,417	-	3,644,417	-	4,231,679	-	(224,918)	7,651,178	959,897	(54,989)	904,908	231,603	-	231,603	(146,467)	990,044	-	-	-	-	990,044	6,661,134
Lease Assets	180,316	-	180,316	-	-	-	(180,316)	-	126,589	-	126,589	53,727	-	53,727	(180,316)	-	-	-	-	-	-	-
Furniture And Other Office Equipment	180,316	-	180,316	-	-	-	(180,316)	-	126,589	-	126,589	53,727	-	53,727	(180,316)	-	-	-	-	-	-	-
Other Assets	18,466,425	315,514	18,781,939	212,724	-	-	(1,338,636)	17,656,027	6,543,037	207,550	6,750,587	1,065,732	7,519	1,073,251	(288,619)	7,535,219	-	-	-	-	7,535,219	10,120,808
Computers - Hardware/Equipment	1,705,563	115,166	1,820,729	84,338			(256,771)	1,648,296	1,054,890	82,034	1,136,924	182,404	4,471	186,875	(201,220)	1,122,579					1,122,579	525,717
Furniture and Other Office Equipment	2,246,315	108,180	2,354,495	128,386			(93,986)	2,408,895	1,422,868	60,186	1,483,354	132,971	2,103	135,074	(61,280)	1,557,148					1,557,148	851,747
General vehicles	3,771,590	17,248	3,788,838					3,788,838	2,703,491	12,940	2,716,431	123,138	1,437	124,575		2,841,006					2,841,006	947,832
Other																						
Plant & equipment	9,268,983	74,920	9,343,903				(1,067,879)	8,336,024	1,339,869	52,090	1,391,959	546,621	(492)	546,129	(26,119)	1,911,969					1,911,969	6,424,055
Specialized Vehicles	1,473,974		1,473,974					1,473,974	21,919		21,919	80,598		80,598		102,517					102,517	1,371,457
	448,019,732	12,174,793	460,194,525	3,347,205	13,189,625	-	(4,189,499)	472,541,856	134,568,945	8,268,769	142,837,714	12,284,958	(1,225)	12,283,733	(1,497,804)	153,623,643	526,656	526,656	4,183	530,839	154,154,483	318,387,373

APPENDIX A - Unaudited
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2018	Correction of error	Restated balance at 30 JUNE 2018	Additions	Redeemed written off during the period	Balance at 30 JUNE 2019
LEASE LIABILITIES									
Nashua MP3054SF	9.50%	31/08/2018		2,983	-	2,983	-	2,983	-
Minolta	9.50%	31/08/2018		1,424	1,413	2,837	-	2,837	-
Total Lease Liabilities				**4,407**	**1,413**	**5,820**	**-**	**5,820**	**-**
ANNUITY LOAN									
DBSA	12.50%	61000778	30/04/2023	2,386,684	336	2,387,020	-	446,362	1,940,658
Total Annuity Loan				**2,386,684**	**336**	**2,387,020**	**-**	**446,362**	**1,940,658**
TOTAL EXTERNAL LOANS				**2,391,091**	**1,749**	**2,392,840**	**-**	**452,182**	**1,940,658**

APPENDIX B - Unaudited
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL VOTES CLASSIFICATION

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Budgeted Income	2019 Actual Income R	2019 Budgeted Expenditure	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
1,210,642	(13,186,688)	(11,976,046)	ADMIN SERVICES	363,100	376,095	(11,110,900)	(13,077,627)	(12,701,532)
95,763	(226,591)	(130,828)	CEMETERY	9,682,200	6,144,882	(247,000)	(325,073)	5,819,809
16,295,458	(24,025,618)	(7,730,160)	CFO	8,719,170	11,750,273	(29,754,590)	(24,848,780)	(13,098,507)
1,263,757	(1,525,058)	(261,301)	COMMUNITY SERVICES	1,625,000	1,379,131	(2,753,630)	(1,813,783)	(434,652)
24,100,653	(9,273,619)	14,827,034	COUNCIL'S GENERAL EXPENSE	26,037,000	25,441,095	(9,368,710)	(8,289,989)	17,151,107
53,050,906	(39,486,818)	13,564,088	ELECTRICITY	48,334,560	45,105,816	(39,368,065)	(44,096,906)	1,008,910
6,172,625	(7,036,699)	(864,074)	HOUSING	2,069,360	789,522	(4,837,158)	(2,039,855)	(1,250,333)
2,058,748	(2,159,004)	(100,256)	LIBRARY	2,070,300	2,047,833	(2,106,840)	(2,210,123)	(162,290)
5,798,558	(7,820,996)	(2,022,438)	LICENSING & TRAFFIC	8,265,500	7,021,990	(7,652,630)	(8,591,761)	(1,569,771)
(6,212)	(3,429,238)	(3,435,450)	MUNICIPAL BUILDINGS	-	-	(2,649,800)	(2,307,306)	(2,307,306)
-	(5,154,354)	(5,154,354)	MUNICIPAL MANAGER	-	29	(4,987,750)	(5,385,129)	(5,385,100)
-	(334,539)	(334,539)	PARKS & RECREATION	-	-	(318,106)	(406,793)	(406,793)
11,086	-	11,086	POSTAL AGENCY	15,000	13,851	-	-	13,851
15,036,026	3,682	15,039,708	PROPERTY RATES	26,372,916	16,275,282	(400,000)	519,921	16,795,203
9,214,970	(7,946,558)	1,268,412	PUBLIC WORKS : STREETS	507,800	5,033,732	(8,654,220)	(9,054,115)	(4,020,383)
11,368,053	(14,470,989)	(3,102,936)	SANITATION/REFUSE	6,756,138	6,722,692	(5,883,465)	(2,466,022)	4,256,669
12,703,858	(13,206,201)	(502,343)	SEWERAGE	7,297,930	7,093,307	(7,729,920)	(9,532,115)	(2,438,808)
-	(117,225)	(117,225)	SWIMMING POOLS	-	-	(46,950)	(117,176)	(117,176)
20,452,210	(16,928,659)	3,523,551	WATER	26,856,440	22,913,693	(12,752,503)	(13,255,706)	9,657,987
178,827,101	**(166,325,172)**	**12,501,929**	**TOTAL**	**174,972,414**	**158,109,223**	**(150,622,237)**	**(147,298,336)**	**10,810,886**

APPENDIX C - Unaudited
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
MUNICIPAL MAIN VOTES

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Budgeted Income	2019 Actual Income R	2019 Budgeted Expenditure	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
1,263,757	(1,525,058)	(261,301)	COMMUNITY SERVICES	1,625,000	1,379,131	(2,753,630)	(1,813,783)	(434,652)
15,330,124	(34,310,980)	(18,980,856)	CORPORATE SERVICES	22,450,460	16,380,322	(28,969,384)	(29,075,713)	(12,695,391)
24,100,653	(14,427,973)	9,672,680	EXECUTIVE COUNCIL	26,037,000	25,441,125	(14,356,460)	(13,675,118)	11,766,007
31,342,570	(24,021,935)	7,320,635	FINANCIAL SERVICES	35,107,086	28,039,406	(30,154,590)	(24,328,858)	3,710,548
106,789,996	(92,039,224)	14,750,772	TECHNICAL SERVICES	89,752,868	86,869,239	(74,388,173)	(78,404,864)	8,464,375
178,827,100	**(166,325,170)**	**12,501,930**	**Total**	**174,972,414**	**158,109,223**	**(150,622,237)**	**(147,298,336)**	**10,810,887**

APPENDIX D - Unaudited
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2018	Correction of error	Restated Balance 1 JULY 2018	Repaid to National Revenue Fund	Grants Received	Written Off	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2019	
	R	R	R	R	R	R	R	R	R	
UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS										
National Government Grants										
Equitable Share	-	-	-	-	25,362,000	-	(25,362,000)	-	-	
Local Government Financial Management Grant	147,990	-	147,990	-	2,215,000	-	(2,215,716)	-	147,274	
Financial Assistence Grant - Audit Fees	-	-	-	-	4,568,310	-	(4,568,310)		-	
Municipal Infrastructure Grant	1,155,030	-	1,155,030	(1,100,000)	8,392,000	-	(507,800)	(7,904,229)	35,001	
Zoar Streets	180,453	-	180,453	-	-	-	-	-	180,453	
Water Services Infrastructure Grant	-	-	-	-	8,000,000	-	-	(5,025,415)	2,974,585	
EPWP	-	-	-	-	1,055,000	-	(1,055,000)	-	-	
Integrated National Electrificution Grant	627,047	-	627,047	(1,100,000)	2,000,000	-	-	(2,000,000)	(472,953)	
Total National Government Grants	**2,110,520**	**-**	**2,110,520**	**(2,200,000)**	**51,592,310**	**-**	**(33,708,826)**	**(14,929,644)**	**2,864,360**	
Provincial Government Grants										
Taxi Ranks	306,463	-	306,463	-	-	-	-	-	306,463	
Flood Damage	447,890	-	447,890	-	-	-	-	-	447,890	
CDW Grant	60,111	-	60,111	-	-	-	-	-	60,111	
IDC	1,650,000	-	1,650,000	-	-	-	-	-	1,650,000	
Local Government Financial Support Grant	1,540,000	-	1,540,000	-	-	-	-	-	1,540,000	
Local Government Financial Support Grant	350,000	-	350,000	-	1,300,000	-	(1,300,000)	-	350,000	
Nissanville Paving	100,238	-	100,238	-	-	-	-	-	100,238	
Human Settlement Development Grant	-	-	-	-	2,069,359	-	(1,059,438)	-	1,009,921	
Van Wyksdorp Pit Latrines	167,299	-	167,299	-	-	-	-	-	167,299	
WC Financial Management Capacity Building	150,000	-	150,000	-	-	-	-	-	150,000	
WC Financial Management Support Grant	-	-	-	-	1,400,000	-	(1,641,383)	-	(241,383)	
Upgrading Sports Facilities Calitzdorp	250,000	-	250,000	-	-	-	-	-	250,000	
SDBIP	238,657	-	238,657	-	-	-	-	-	238,657	
DWAF -RBIG	319,438	-	319,438	-	-	-	-	-	319,438	
IDP	175,439	-	175,439	-	-	-	-	-	175,439	
Library Grant	501,694	-	501,694	-	2,070,000	-	(2,107,484)	-	464,210	
Disaster - Zoar	522,298	-	522,298	-	-	-	-	-	522,298	
Thusong Municipal Service Delivery Capacity Building Grant	200,000	-	200,000	-	-	-	(21,600)	(3,240)	175,160	
Upgrading Pumpstation	-	-	-	-	110,000	-	(58,989)	-	51,011	
Revenue Enhancement	2,393	-	2,393	-	-	-	-	-	2,393	
CFO Appointment	6,018	-	6,018	-	-	-	-	-	6,018	
Deeds Registration	1,030,000	-	1,030,000	-	-	-	-	-	1,030,000	
Drought Relief	286,855	-	286,855	-	-	-	-	-	35,194	
Fire and Drought Relief	-	-	-	-	3,245,000	-	-	(251,661)	(3,159,195)	85,805
Total Provincial Government Grants	**8,304,793**	**-**	**8,304,793**	**-**	**10,194,359**	**-**	**(6,188,894)**	**(3,414,096)**	**8,896,162**	
Other Grant Providers										
Disaster Fund	2,342,433	-	2,342,433	-	-	-	-	-	2,342,433	
Ladismith Water Project	128,118	-	128,118	-	-	-	-	-	128,118	
Total Other Grant Providers	**2,470,551**	**-**	**2,470,551**	**-**	**-**	**-**	**-**	**-**	**2,470,551**	
Total	**12,885,864**	**-**	**12,885,864**	**(2,200,000)**	**61,786,669**	**-**	**(39,897,720)**	**(18,343,740)**	**14,231,073**	